

Mass. CD12.2 E019



11/10/11



# EOCD/MHFA

GOVERNMENT DOCUMENTS  
COLLECTION

## HOMEOWNERSHIP LOAN PROGRAMS TO ASSIST IN MASSACHUSETTS' ECONOMIC RECOVERY

May 1994  
University of Massachusetts  
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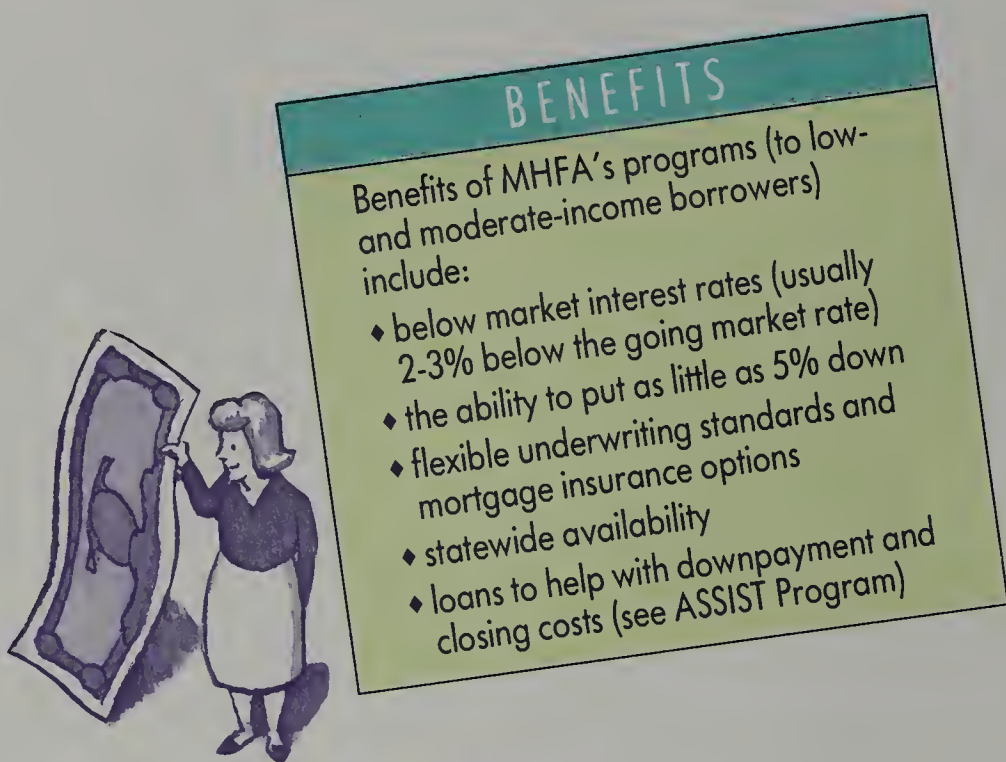
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he Commonwealth has undertaken an aggressive program of housing initiatives to stimulate economic recovery, create jobs and revitalize communities. These programs are offered through the Executive Office of Communities and Development and the Massachusetts Housing Finance Agency and include a full menu of reduced interest rate loans targeted to low- and moderate-income families, which help with the purchase of a first home, making needed repairs or abating lead paint, and revitalizing our neighborhoods. These programs are funded through the sale of tax-exempt bonds to private investors (not state tax dollars) and, since 1979, have channeled more than \$1.4 billion in private sector investment into Massachusetts cities and towns and assisted more than 26,000 low- and moderate-income households.





### Qualifications

To qualify for these special homeownership loan programs, borrowers must be credit-worthy and meet specific income and home purchase price guidelines. Applicants also must be first-time buyers, except in the federally-targeted cities of Boston, Chelsea, Everett, Fall River, Lawrence, Lynn, North Adams and Somerville.

### Availability

Loan funds are offered periodically throughout the year. Prospective borrowers should contact the MHFA to determine whether or not funds are available through any given program. MHFA's current programs are summarized in the adjacent chart and fall within four broad categories: (1) Mortgage Programs (2) REO Programs (3) Rehabilitation Programs and (4) Special Programs. Loans are made through participating lenders statewide and, in some cases, in cooperation with local housing agencies.

### For Information

All loan offerings are widely publicized in the print and broadcast media. To obtain brochures on available loan programs as well as the names of participating lenders, prospective borrowers should contact MHFA's Office of Single-Family Programs, 50 Milk Street, Boston, MA 02109, Tel. (617) 451-2766. Those who are hearing-impaired should call (617) 451-3650 (TDD#). Borrowers also can contact lenders and local housing agencies who are participating in MHFA programs for complete program details.

## MORTGAGE PROGRAMS

*Offered in cooperation with participating lenders statewide, programs make buying a home more affordable by providing low-interest mortgage financing or a federal income tax credit known as a mortgage credit certificate. Programs stimulate homeownership and local investment and tax revenues.*

## REO PROGRAMS

*Programs are intended to help absorb oversupply of housing and contribute to economic recovery while providing affordable homeownership opportunities created by current slow real estate market. By offering units priced within MHFA's cost guidelines, lenders, builders and regulators can secure a set-aside of MHFA mortgages as a marketing incentive and housing is returned to productive use.*

## REHABILITATION PROGRAMS

*Offered in cooperation with participating local housing agencies for people who need help either in buying and rehabbing an older home or in making improvements on a home they already own and occupy. Programs contribute to local efforts to stabilize and revitalize neighborhoods and help local economies through creation of jobs and purchase of goods and materials*

## SPECIAL PROGRAMS

*Programs/services designed to help lower-income homebuyers who are able to support monthly mortgage payments but do not have sufficient savings to make a downpayment or to pay for closing costs or who are unable to secure private mortgage insurance where necessary.*





FUNDS AVAILABLE

MASS CD12.2: E019/inserts 1-16

# EOCD/MHFA HOMEOWNERSHIP PROGRAMS

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COLLECTION

October 1993

## FUNDS AVAILABLE

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### Mortgage Programs

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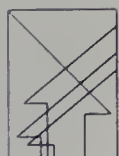
MHFA funds are available now through participating lenders and rehabilitation agencies at a fixed interest rate of 5.25% (6.02% APR)\* for the following programs (call 617/451-2766 for details):

- General Lending Program
- Acquisition Set-Aside Program (ASAP)
- Real Estate-Owned (REO) Program
- Homebuyer Counseling Program
- Neighborhood Rehabilitation Program
- Fannie Mae Home Advantage Program (contact Citizens' Housing and Planning Association at 617/742-0820)
- Local Initiative Programs (contact EOCD at 617/727-7765)
- Energy Crafted Home Program (contact Mike Guerard of the Energy Crafted Homes Program at 800/628-8413).

Attached is a list of lenders that have agreed to offer MHFA loans for all of the programs listed above.

And 15-year, fixed-rate financing is also available through the Home Improvement Loan Program (HILP) at 5% (5.63% APR) and the Get the Lead Out Program at 0% (.278% APR), 5% (7.39% APR) and 8.5% (9.19% APR). (See program brochures for further information.)

### Mortgage Credit Certificates (MCCs)



MCCs are available through the MHFA Mortgage Credit Certificate Program, which provides federal tax credits for qualified buyers. MCCs can be used in tandem with conventional mortgage financing in order to make home purchases affordable for first-time buyers. (See the MCC brochure for a list of lenders.)

A SERVICE OF THE EXECUTIVE  
OFFICE OF COMMUNITIES AND  
DEVELOPMENT AND MASSACHUSETTS  
HOUSING FINANCE AGENCY

## **NEW PROGRAM**

Boston residents should watch for a flier in their Water & Sewer bills describing the availability of assistance under the Home Improvement Loan Program (HILP) to remove lead-contributing plumbing materials and improve the quality of drinking water in their homes.

## **OLD PROGRAM**

The Homeownership Opportunity Program (HOP) is being phased out and no new commitments for HOP developments are being accepted. There are, however, a limited number of units still available and being marketed through this program. Details are provided in the HOP brochure.

## **TRANSLATIONS**

Complete details concerning the MHFA's homeownership programs are contained in program brochures, which are available in nine languages (English, Spanish, Haitian Creole, French, Portuguese, Chinese, Lao, Khmer and Vietnamese).

### **\*Annual Percentage Rate (APR)**

Lenders are required to provide consumers with information as to the total cost and effective interest rate or APR associated with a loan. For the 5.25% mortgages, the APR is 6.02%. The APR is based on 95% loan to value, \$100,000 loan for a term of 30 years, 2 points, a primary mortgage insurance premium of 1% for the first year, with renewal premiums of .49% for years 2-10 and .25% for years 11-15. APR may be higher or lower than noted above based on the lender's calculations and the premium charged by an insurer. Your participating lender should seek the lowest possible APR for your benefit.

**October, 1993**

The following lenders have agreed to make available MHFA loans for the General Lending, Acquisition Set-Aside (ASAP), Real Estate-Owned (REO), Homebuyer Counseling, Local Initiative, Fannie Mae Home Advantage and Energy Crafted Home Programs.

**Statewide Lenders**

BancBoston Mortgage Corp.  
BayBank Mortgage Co.  
Citizens Bank (Boston Five)  
First Eastern Mortgage Corp.  
Fleet Mortgage  
Graystone Mortgage Corp.  
Northern Mortgage  
Salem Five Mortgage Corp.  
Shawmut Mortgage Co.  
Springfield Institution for Savings

**Greater Boston Area -** includes Suffolk, Essex, Norfolk, Middlesex, and Plymouth counties

Statewide Lenders - see above list

Bank of Canton  
Campello Cooperative Bank  
Chelsea-Provident Cooperative  
Cooperative Bank of Concord  
Eastern Bank  
First Trade Union Savings Bank  
Greater Boston Cooperative Bank  
Hibernia Savings Bank  
Pioneer Financial Cooperative Bank  
Plymouth Mortgage Co.  
Rockland Trust  
Saugus Bank and Trust  
U.S. Trust  
Watertown Savings Bank



**Northern Massachusetts - includes Essex and Middlesex counties**

Statewide Lenders - see above list

Andover Bank  
Enterprise Bank and Trust Co.  
Family Mutual Savings Bank  
Lowell Five Cents Savings Bank  
Pentucket Five Cents Savings Bank

**Southern/South Eastern Massachusetts - includes Plymouth, Barnstable, Dukes, Nantucket, Norfolk, and Bristol counties**

Statewide Lenders - see above list

Campello Cooperative Bank  
Compass Bank for Savings  
Fall River Five Cents Savings Bank  
Lafayette Federal Savings Bank  
New Bedford Institution for Savings  
Plymouth Mortgage Co.  
Rockland Trust

**Central Massachusetts - includes Worcester county**

Statewide Lenders - see above list

Flagship Bank and Trust  
Gardner Franco American Credit Union  
Leominster Credit Union  
Peoples Savings Bank

**Western Massachusetts - includes Franklin, Hampshire, Hampden, and Berkshire counties**

Statewide Lenders - see above list

Berkshire County Savings Bank  
Chicopee Savings Bank  
City Savings Bank of Pittsfield  
First National Bank of Berkshires  
Florence Savings Bank  
Lee Bank  
Northampton Cooperative Bank  
Park West Bank and Trust Co.  
Peoples Savings Bank  
Westfield Savings Bank



### **Costs to the Homebuyer**

In addition to the downpayment, you should expect to pay for certain mortgage application related expenses. You will pay most of these expenses when the loan is closed.

These charges represent 4% – 5% of the mortgage amount and include mortgage application and attorney fees, title insurance, filing and recording fees, standard bank settlement costs, and a bank origination fee not to exceed two percent of the mortgage loan.

If your downpayment on the house is less than 25% of its appraised value or the acquisition cost (whichever amount is lower) of the property, your loan must be insured by a primary mortgage insurer.

MHFA has created its own private mortgage insurance programs: a risk sharing program currently offered through PMI Mortgage Insurance Company, and an Agency self-insuring fund.

These programs result in a savings on your initial mortgage insurance premium and do not require you to have cash reserves equal to two months payments of principal, interest, taxes and insurance (PITI), as is common for most conventional mortgage loans.

The MHFA requires lead paint abatement on the purchase of all 2–4 unit properties that are bank- or regulator-held. However, financing is available through the Agency's Lead Paint Abatement Program. (See the MHFA's "Get the Lead Out" brochure for details.)

### **Soft Second Loan Program**

MHFA is accepting applications for financing in connection with the Soft Second Loan Program announced recently by the Executive Office of Communities and Development to make it easier for lower-income households to qualify for mortgage financing.

Under the Soft Second Program, MHFA low-interest mortgages are available for up to 75% of the acquisition cost of the property. Second mortgages are provided by participating lenders at conventional mortgage interest rates for up to 20% of the acquisition cost of the property or \$25,000, whichever is less. A buyer is qualified based only on the first mortgage amount which puts him in a better position to be approved for mortgage financing. Payments on the second mortgage are limited to interest only for the first 10 years, with a significant portion of the interest covered by a loan from public funds.

To qualify, first-time buyers must have incomes at or below 80% of the area median. Purchase price limits are \$110,000 for condominiums and \$125,000 for single-family detached homes.



### FEDERAL RECAPTURE PROVISIONS:

Under current federal law, homebuyers who sell their houses within nine years may have to buy back some or all of the savings they have received as a result of the lower interest rate mortgage provided through MHFA. The amount of recapture owed is determined using a formula which considers household size and income at the time of sale; the year the home is sold; and how much the property has appreciated.

Under any circumstances, you must occupy as your principal residence the home purchased with the MHFA mortgage for as long as you have that mortgage.

- 2. You must be income eligible.** The MHFA's income limits are based on federal law and vary depending upon the geographic area in which you are buying a home (see page 4). Recently, these income limits were increased as part of a larger effort to assist in the recovery of the real estate market.

Income eligibility is determined by gross annual household income. The gross annual household income is defined as your aggregate annualized gross income and that of all other people living in or expecting to live in the residence (or the unit being purchased therein) which you will be occupying at the time of the loan closing.

To calculate annualized gross income multiply gross monthly income by 12. Gross monthly income is the sum of monthly gross pay; any additional income from all sources, plus both taxable and non-taxable income including but not limited to any of the following: other earnings, overtime, part-time employment, bonuses, dividends, interest, annuities, pensions, Veterans Administration (VA) compensation, gross rental or lease income, commissions, deferred income, welfare payments, social security benefits, disability payments, alimony, support payments, public assistance, sick pay, unemployment compensation and income received from trusts from business activities and investments.

- 3. The acquisition cost of the home you buy must not exceed certain limits.**

Home acquisition cost limits are set in accordance with Federal Law and vary depending on the geographic area in which you are buying and the type of home you are purchasing. These limits also were changed recently. The acquisition cost generally refers to the purchase price of a completed unit. It may also include home fixtures included in the purchase price and, in the case of an unfinished unit, the cost of completing construction. Current acquisition cost limits are defined on page 3.

- 4. You must have a good credit record.**

As part of the mortgage application review process, lenders will run a credit check on you, and then prepare a credit report. This report

details your present financial condition and your history of meeting your monthly bill payments. For information on how you can obtain a copy of your credit record and for credit advice, contact the Consumer Credit Counseling Service at (617) 426-6644.

- 5. You also must have either an Accepted Offer to Purchase or an executed Purchase & Sale Agreement.**

■ An Accepted Offer to Purchase is a contract (signed by both the buyer and seller) which indicates the acceptance by the seller of a buyer's offer.

■ A signed Purchase & Sale Agreement is a more detailed version of the above contract.

Both contracts are binding subject to certain contingencies which can be included in the agreements.

*MHFA urges prospective borrowers to obtain professional advice prior to signing either of the above agreements. The Agency strongly advises that both of these documents contain a properly worded provision that makes the effectiveness of such an agreement contingent upon receipt of MHFA financing. MHFA also encourages borrowers to make such agreements contingent upon the receipt of a satisfactory property inspection report.*

- 6. You must meet certain underwriting limits.** Lenders will also look at two different ratios to see whether you meet the MHFA's underwriting limits. These ratios are described below. The charts are right can be used to calculate these ratios.

#### Housing to Income Ratio:

■ your total monthly housing expenses (principal, interest, property taxes, primary mortgage insurance, hazard insurance and condominium fees, if applicable) should not exceed 30 percent of your stable gross monthly income.

#### Payment to Income Ratio:

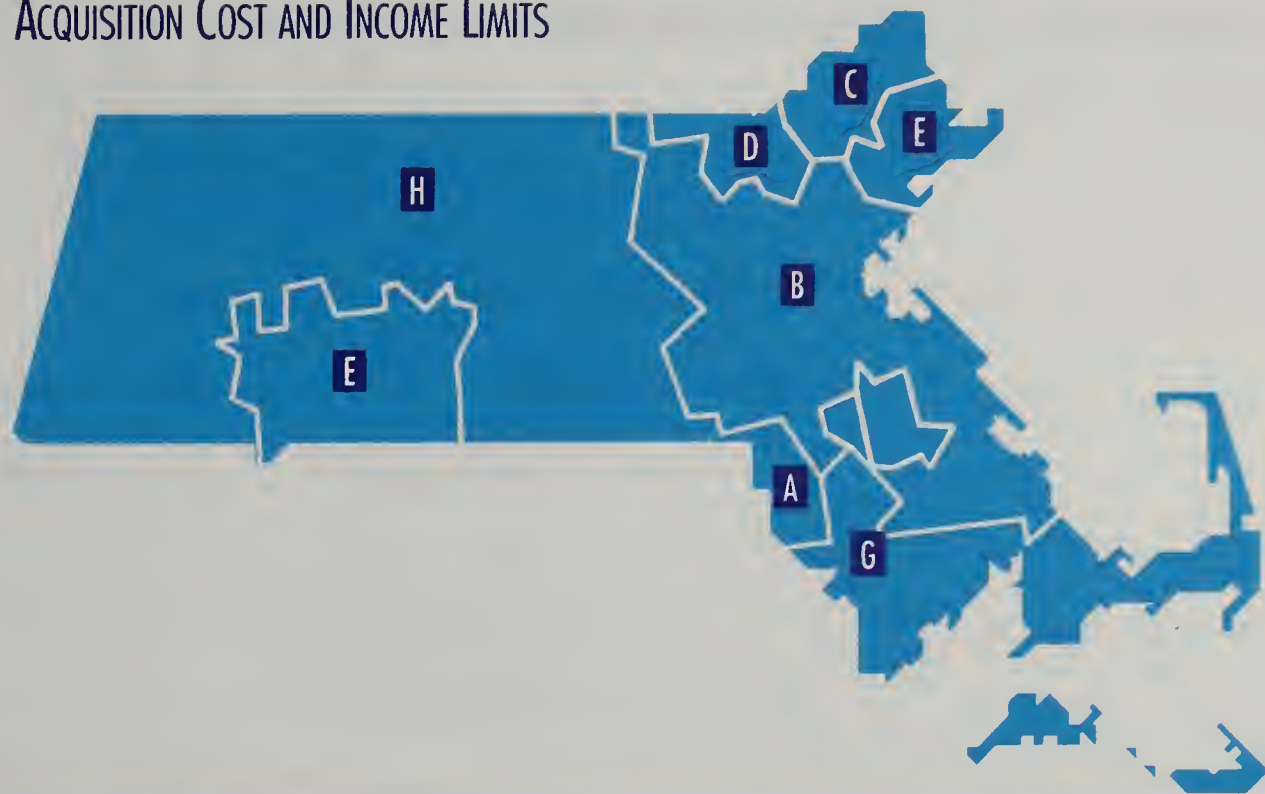
■ your monthly housing expense plus payments on all other installment debts having a life of more than 10 months, should not exceed 36 percent of your stable gross monthly

*(continued on page 5)*



## ACQUISITION COST AND INCOME LIMITS

Refer to the map shown here to determine which market area the home you are buying is located in. The letters in the map correspond to the letters next to the market areas listed in the chart. If you are unsure about which market area you are buying in, refer to the alphabetical list of communities on page 4. The letter to the right of the community will correspond with the letter identifying the market area on the chart.



MARKET AREA	COMMUNITIES WITHIN AREA	FIXED RATES		TYPES OF CONSTRUCTION & MAXIMUM PURCHASE PRICE			
		1-2 PERSONS	3 OR MORE				
<b>A. ATTLEBORO MARKET AREA</b>	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$143,000 \$117,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$132,000 \$160,000 \$186,000
<b>B. BOSTON MARKET AREA</b>	BOSTON, CAMBRIDGE, CHelsea, EVERETT, LYNN, SOMERVILLE	\$50,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$165,000 \$161,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$181,000 \$219,000 \$255,000
	ALL OTHER COMMUNITIES	\$50,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$144,000 \$132,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$148,000 \$180,000 \$209,000
<b>C. LAWRENCE/HAVERHILL MARKET AREA</b>	LAWRENCE	\$47,000	\$54,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$160,000 \$146,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$164,000 \$199,000 \$231,000
	ALL OTHER COMMUNITIES	\$47,000	\$54,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$150,000 \$119,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$134,000 \$162,000 \$188,000
<b>D. LOWELL MARKET AREA</b>	ALL	\$49,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$125,000 \$151,000 \$176,000
<b>F. SALEM/GLOUCESTER MARKET AREA</b>	ALL	\$50,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$125,000 \$151,000 \$176,000
<b>F. SPRINGFIELD MARKET AREA</b>	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$125,000 \$151,000 \$176,000
<b>G. FALL RIVER MARKET AREA</b>	FALL RIVER	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$143,000 \$140,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$157,000 \$190,000 \$222,000
	SOMERSET, SWANSEA, SWANSEA WESTPORT	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$117,000 \$114,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$129,000 \$156,000 \$181,000
<b>H. BALANCE OF STATE MARKET AREA</b>	NORTH ADAMS	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$145,000 \$136,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$153,000 \$185,000 \$215,000
	ALL OTHER COMMUNITIES	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$125,000 \$151,000 \$176,000

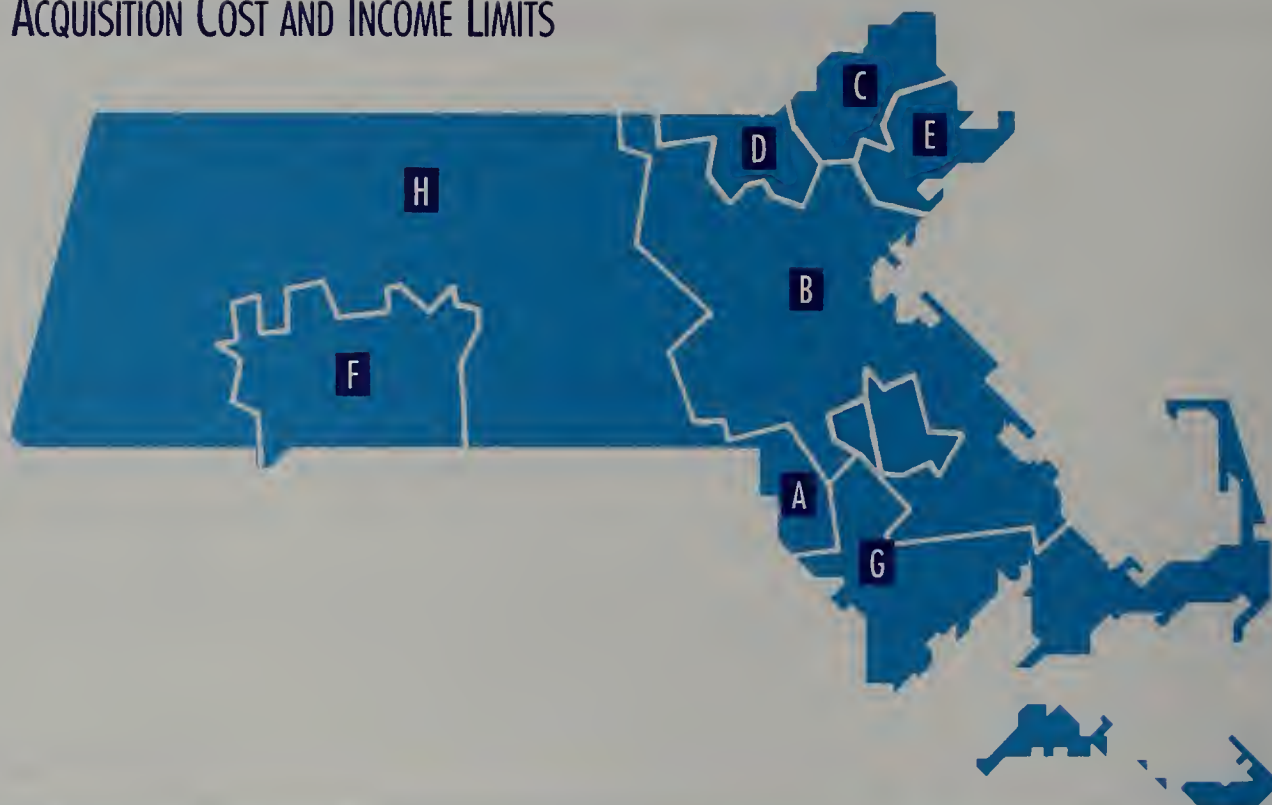
### Lower Income Priority Borrower

To qualify statewide as a "Lower Income Priority Borrower" household income cannot exceed \$31,000.



## ACQUISITION COST AND INCOME LIMITS

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				SINGLE FAMILY EXISTING	\$161,000	3 FAMILY EXISTING	\$219,000
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### Lower Income Priority Borrower

To qualify statewide as a "Lower Income Priority Borrower" household income cannot exceed \$31,000.



ABINGTON	H	CAMBRIDGE	B	HADLEY	H	MILFORD	B	RANDOLPH	B	WAKEFIELD	B
ACTON	B	CANTON	B	HALIFAX	H	MILLBURY	H	RAYNHAM	B	WALES	H
ACUSHNET	H	CARLISLE	B	HAMILTON	E	MILLIS	B	READING	B	WALPOLE	B
ADAMS	H	CARVER	B	HAMPDEN	F	MILLVILLE	A	REHOBOTH	A	WALTHAM	B
AGAWAM	F	CHARLEMONT	H	HANCOCK	H	MILTON	B	REVERE	B	WARE	H
ALFORD	H	CHARLTON	H	HANOVER	B	MONROE	H	RICHMOND	H	WAREHAM	H
AMESBURY	C	CHATHAM	H	HANSON	B	MONSON	F	ROCHESTER	H	WARREN	H
AMHERST	H	CHELMSFORD	D	HARDWICK	H	MONTAGUE	H	ROCKLAND	B	WARWICK	H
ANDOVER	C	CHELSEA	B	HARVARD	B	MONTEREY	H	ROCKPORT	E	WASHINGTON	H
ARLINGTON	B	CHESHIRE	H	HARWICH	H	MONTGOMERY	F	ROWE	H	WATERTOWN	B
ASHBURNHAM	H	CHESTER	H	HATFIELD	H	MT. WASHINGTON	H	ROWLEY	E	WAYLAND	B
ASHBY	H	CHESTERFIELD	H	HAVERHILL	C			ROYALSTON	H	WEBSTER	H
ASHFIELD	H	CHICOPEE	F	HAWLEY	H	NAHANT	B	RUSSELL	F	WELLESLEY	B
ASHLAND	B	CHILMARK	H	HEATH	H	NANTUCKET	H	RUTLAND	H	WELLFLEET	G
ATHOL	H	CLARKSBURG	H	HINGHAM	B	NATICK	B			WENDELL	H
ATTLEBORO	A	CLINTON	H	HINSDALE	H	NEEDHAM	B	SALEM	E	WENHAM	E
AUBURN	H	COHASSET	B	HOLBROOK	B	NEW ASHFORD	H	SALISBURY	C	WEST BOYLSTON	H
AVON	H	COLRAIN	H	HOLDEN	H	NEW BEDFORD	H	SANDISFIELD	H	WEST BRIDGEWATER	H
AYER	B	CONCORD	B	HOLLAND	H	NEW BRAINTREE	H	SANDWICH	H	WEST BROOKFIELD	H
		CONWAY	H	HOLLISTON	B	NEW MARLBOROUGH	H	SAUGUS	B	WEST NEWBURY	C
BARNSTABLE	H	CUMMINGTON	H	HOLYOKE	F	NEW SALEM	H	SAVOY	H	WEST SPRINGFIELD	F
BARRE	H			HOPEDALE	B	NEWBURY	C	SCITUATE	B	WEST STOCKBRIDGE	H
BECKET	H	DALTON	H	HOPKINTON	B	NEWBURYPORT	C	SEEKONK	A	WEST TISBURY	H
BEDFORD	B	DANVERS	E	HUBBARDSTON	H	NEWTON	B	SHARON	B	WESTBOROUGH	H
BELCHERTOWN	F	DARTMOUTH	H	HUDSON	B	NORFOLK	B	SHEFFIELD	H	WESTFIELD	F
BELLINGHAM	B	DEDHAM	B	HULL	B	NORTH ADAMS	H	SHELburne	H	WESTFORD	D
BELMONT	B	DEERFIELD	H	HUNTINGTON	F	NORTH ANDOVER	C	SHERBORNE	B	WESTHAMPTON	H
BERKLEY	H	DENNIS	H			NORTH ATTLEBORO	A	SHIRLEY	B	WESTMINSTER	H
BERLIN	B	DIGHTON	H	IPSWICH	E	NORTH BROOKFIELD	H	SHREWSBURY	H	WESTON	B
BERNARDSTON	H	DOUGLAS	H			NORTH READING	B	SHUTESBURY	H	WESTPORT	G
BEVERLY	E	DOVER	B	KINGSTON	B	NORTHAMPTON	F	SOMERSET	G	WESTWOOD	B
BILLERICA	D	DRACUT	D			NORTHBOROUGH	H	SOMERVILLE	B	WEYMOUTH	B
BLACKSTONE	A	DUDLEY	H	LAKEVILLE	B	NORTHBRIDGE	H	SOUTH HADLEY	F	WHATELY	H
BLANDFORD	H	DUNSTABLE	D	LANCASTER	B	NORTHFIELD	H	SOUTHAMPTON	F	WHITMAN	H
BOLTON	B	DUXBURY	B	LANESBOROUGH	H	NORTON	B	SOUTHBOROUGH	B	WILBRAHAM	F
BOSTON	B			LAWRENCE	C	NORWELL	B	SOUTHBRIDGE	H	WILLIAMSBURG	H
BOURNE	H	EAST BRIDGEWATER	H	LEE	H	NORWOOD	B	SOUTHWICK	F	WILLIAMSTOWN	H
BOXBOROUGH	B	EAST BROOKFIELD	H	LEICESTER	H			SPENCER	H	WILMINGTON	B
BOXFORD	C	EAST LONGMEADOW	F	LENOX	H	OAK BLUFFS	H	SPRINGFIELD	F	WINCHENDON	H
BOYLSTON	H	EASTHAM	H	LEOMINSTER	H	OAKHAM	H	STERLING	H	WINCHESTER	B
BRAINTREE	B	EASTHAMPTON	F	LEVERETT	H	ORANGE	H	STOCKBRIDGE	H	WINDSOR	H
BRIDGEWATER	H	EASTON	H	LEXINGTON	B	ORLEANS	H	STONEHAM	B	WINTHROP	B
BRIMFIELD	H	EDGARTOWN	H	LEYDEN	H	OTIS	H	STOUGHTON	B	WOBBURN	B
BROCKTON	H	EGREMONT	H	LINCOLN	B	OXFORD	H	STOW	B	WORCESTER	H
BREWSTER	H	ERVING	H	LITTLETON	B			STURBRIDGE	H	WORTHINGTON	H
BROOKFIELD	H	ESSEX	E	LONGMEADOW	F	PALMER	F	SUDBURY	B	WRENTHAM	B
BROOKLINE	B	EVERETT	B	LOWELL	D	PAXTON	H	SUNDERLAND	H		
BUCKLAND	H			LUDLOW	F	PEABODY	E	SUTTON	H	YARMOUTH	H
BURLINGTON	B	FAIRHAVEN	H	LUNENBERG	H	PELHAM	H	SWAMPSCOTT	E		
		FALL RIVER	G	LYNN	B	PEMBROKE	B	SWANSEA	G		
		FALMOUTH	H	LYNNFIELD	B	PEPPERELL	D				
		FITCHBURG	H			PERU	H	TAUNTON	H		
		FLORIDA	H	MALDEN	B	PETERSHAM	H	TEMPLETON	H		
		FOXBOROUGH	B	MANCHESTER	E	PHILLIPSTON	H	TEWKSBURY	D		
		FRAMINGHAM	B	MANSFIELD	B	PITTSFIELD	H	TISBURY	H		
		FRANKLIN	B	MARBLEHEAD	E	PLAINFIELD	H	TOLLAND	H		
		FREETOWN	H	MARION	H	PLAINVILLE	A	TOPSFIELD	E		
				MARLBOROUGH	B	PLYMOUTH	B	TOWNSEND	B		
		GARDNER	H	MARSHFIELD	B	PLYMPTON	B	TRURO	H		
		GAY HEAD	H	MASHPEE	H	PRINCETON	H	TYNGSBOROUGH	D		
		GEORGETOWN	C	MATTAPOISETT	H	PROVINCETOWN	H	TYRINGHAM	H		
		GILL	H	MAYNARD	B						
		GLOUCESTER	E	MEDFIELD	B	QUINCY	B	UPTON	B		
		GOSHEN	H	MEDFORD	B			UXBRIDGE	H		
		GOSNOLD	H	MEDWAY	B						
		GRAFTON	H	MELROSE	B						
		GRANBY	F	MENDON	B						
		GRANVILLE	H	MERRIMAC	C						
		GREAT BARRINGTON	H	METHUEN	C						
		GREENFIELD	H	MIDDLEBOROUGH	B						
		GROTON	B	MIDDLEFIELD	H						
		GROVELAND	C	MIDDLETON	E						

(continued from page 2)

income. Rental income from a two- to four-family house that you are purchasing will be considered in your ability to meet monthly mortgage payments; it will not be considered in determining if you meet the income limits for a mortgage loan.

#### How to Calculate Credit Ratios

To calculate your gross housing to income ratio, divide your total monthly housing expenses by your total monthly gross income. You can use the chart below.

HOUSING TO INCOME RATIO	
<i>Monthly Stable Income (A)</i>	<i>Monthly Housing Expense (B)</i>
your stable gross monthly income _____	mortgage payments (including principal and interest) _____
your stable monthly overtime/bonuses _____	monthly fire and hazard insurance _____
stable secondary monthly income _____	monthly real estate taxes _____
stable monthly dividend income _____	monthly primary mortgage insurance _____
	monthly homeowner's association fee _____
	(portion of condominium fee applicable to common areas)
Total (A) _____	Total (B) _____
	$B \div A =$ _____
	Housing to Income Ratio

*Housing expense (Total B) divided by monthly income (Total A) equals your housing to income ratio. This ratio should not exceed 30 percent.*

To calculate your payment to income ratio, add your total monthly housing expense (from Total B above) to your other monthly debt payments (include your monthly payments for all debts such as charge accounts, auto loans and educational loans, which have remaining terms of more than 10 payments) and then divide that number by your stable monthly income (Total A from above)

Use the chart below to calculate this ratio.

PAYMENT TO INCOME RATIO	
Total (B) _____	Credit Card Payments _____
Car Loan _____	
Car Loan _____	
Educational Loan _____	
Educational Loan _____	Other Loan(s) _____
	Total (C) _____
$C \div A =$ _____	
	Payment to Income Ratio

Total monthly payments (Total C) divided by stable monthly income (Total A) equals the payment to income ratio. This ratio should not exceed 36 percent.

To qualify for a home mortgage from MHFA both of the ratios calculated above should not exceed the specified percentages.

#### Purchasers of 3-4 Unit Homes

As part of a larger effort to help buyers of multifamily homes handle the often complicated responsibilities of being a landlord, the MHFA requires homebuyer counseling for all purchasers of 3-4 unit properties. Buyers must complete training relating to 3-4 unit ownership and receive a certificate from an Agency-approved homebuyer counseling program, prior to loan closing. (See the MHFA's Homebuyer Counseling brochure for a list of approved agencies.)

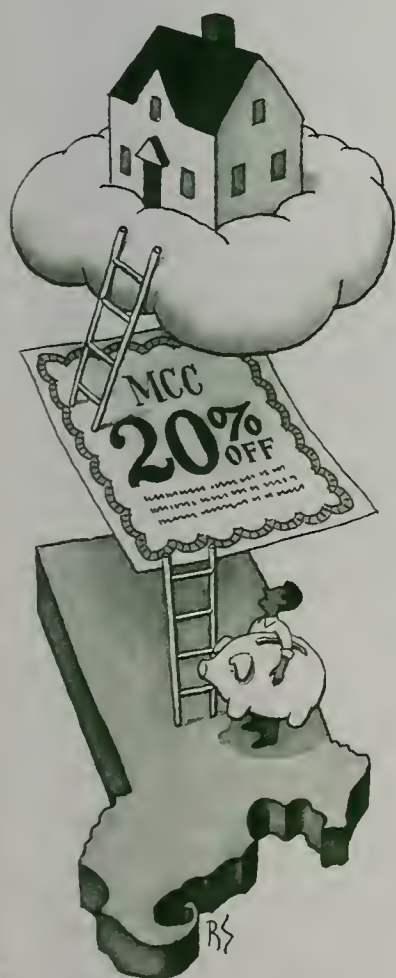




# MCC

## MORTGAGE CREDIT CERTIFICATE PROGRAM

### AN OPTION FOR FIRST-TIME HOMEBUYERS



For more than ten years, the Massachusetts Housing Finance Agency (MHFA) has offered a low-interest mortgage program to help low- and moderate-income families buy their first home. Now MHFA is offering another form of assistance – the Mortgage Credit Certificate (MCC) Program.

MCCs are *not* mortgages. They are federal tax credits that are used in tandem with conventional mortgage financing and that act to reduce the amount of federal income taxes that you pay every year. That tax savings will make it easier for you to afford your first home.

### MCCs Allow You to Choose the Mortgage That's Best for You

You can use MCCs in conjunction with any conventional or government-backed mortgage offered by your lender – with the exception of low-interest mortgages provided through MHFA's Mortgage Revenue Bond Program. This way you can work with your lender to find the mortgage terms that are best for you.

The loan terms (interest rate, downpayment, underwriting requirements, fees, points, etc.) will depend on the lender and the type of loan you choose. Many lenders will underwrite loans according to their standard underwriting practices. The MHFA feels strongly that MCCs will work best when used in tandem with first-time homebuyer programs being offered today by a number of different lenders statewide. These programs may offer, for example, low downpayment requirements, relaxed underwriting ratios or downpayment or closing cost assistance. Buyers should consider this when deciding which lender and type of mortgage to choose. The names of lenders that are participating in the MCC program are listed on the insert of this brochure.

### MCCs Represent More Income for Monthly Payments

Normally, homeowners are allowed to adjust their income and deduct the interest paid on

a home mortgage loan when calculating their income for tax purposes.

MCCs work a little differently. With the MCC, you can subtract 20% of the interest that you pay on your mortgage each year directly from the bottom-line of the federal taxes that you owe. The remaining 80% of the mortgage interest can still be deducted from your income for tax purposes as part of your itemized deductions.

That 20% credit represents a direct savings on your taxes. You may even adjust your federal W-4 income tax withholding forms so that you'll see the credit in the form of more take-home pay each month. (This may be necessary to qualify for the loan.)

### Borrowers Eligible for MCCs

Borrowers who qualify for the program:

1. **are first-time homebuyers**, defined as persons who have not had an ownership interest in a principal residence for the last three years. (This requirement has been waived with specific conditions in the federally-designated cities of Boston, Chelsea, Everett, Fall River, Lawrence, Lynn, North Adams and Somerville.)
2. **meet income guidelines** – income guidelines have been raised and range from \$46,000 to \$57,000, depending upon household size and where in the Commonwealth the home is being purchased (see complete listing on pages 3 and 4.)
3. **buy homes that fall within the MHFA's acquisition cost limits**. These limits have also been changed to meet newly-established federal limits. For existing single family homes the limits range from \$94,000 to \$161,000 depending on where the home is located. Other prices apply for newly constructed single family homes, condominiums and existing two- to four- family properties. (See complete listings on pages 3 and 4.)





## An Example of How a Mortgage Certificate Works

One of the ways a borrower can take the credit provided through the MCC Program is by reducing the amount of federal tax withheld from his paycheck each pay period. This makes more money available to the borrower each month to support mortgage payments and may help qualify an otherwise ineligible borrower for the mortgage of his choice.

### HOW THE MCC WORKS

The following example illustrates how the MCC works. The example assumes:

- a purchase price of \$100,000
- a downpayment of \$5,000
- a \$95,000 mortgage at the fixed rate of 8.5% for a term of 30 years

Total monthly housing expense (principal, interest, taxes and insurance)	\$876.30
Monthly MCC value	\$133.33

In this example, the borrower's housing expense equals \$876.30. The MCC covers \$133.33 of that amount. In this example, a borrower would need an income of \$35,052 to support this mortgage *without* the credit, compared to an income of \$29,719 to support the mortgage *with* the credit. This was calculated based on typical lenders' requirement that borrowers pay no more than 30 percent of their income for housing expenses.

## Other Important Facts About MCCs

1. Your MCC will be in effect for the life of your mortgage, as long as the house remains your principal residence. The tax credit will be calculated each year based on 20% of the interest you pay on your mortgage that year.

2. If your MCC gives you a tax credit that is greater than the amount of federal taxes that you owe, you cannot get a tax refund. Instead, you can carry the credit over and apply it to your future federal taxes, as long as you do so within three years.
3. You cannot use the MCC if you are assuming, replacing or refinancing an existing mortgage.

If you already have many other federal tax deductions or credits, you may not be able to use the full benefit of the MCC. In fact, some homebuyers may be better off obtaining a low-interest MHFA mortgage instead of the MCC. Our experience with MCCs, to date, shows that a typical family with standard tax deductions should earn at least \$25,000 to take full advantage of the credit. If the buyer's income is below \$25,000, he may not owe enough taxes to take full advantage of the MCC.

To project your annual tax liability first look at the taxes you paid last year. Estimate any changes to income and deductions that will occur in the current year and estimate what your adjusted income will be. Look in the most current tax tables to see what taxes you will owe. Borrowers can get assistance in this area from participating lenders *and, if possible, are strongly encouraged to consult with a tax advisor.*

4. MCC recipients should remember that it is their responsibility, not the MHFA's or the lender's, to take advantage of the credit. This can be done by either filing a revised W-4 federal income tax withholding form with your employer (which means less federal tax will be withheld from your check each pay period) or by simply taking the appropriate deduction at the end of the year when you file your taxes.

*(Continued on page 5)*



#### **FEDERAL RECAPTURE PROVISIONS:**

Under current federal law, homebuyers who sell their houses within nine years may have to pay back some or all of the savings they have received as a result of the MCC. The amount of recapture owed is determined using a formula which considers household size and income at the time of sale; the year the home is sold; and how much the property has appreciated.

#### **Revising the Federal W-4 Form.**

When the MCC is in hand, a borrower who wants to change his IRS Form W-4 should notify his employer. The W-4 allows the borrower to increase exemptions – in order to reduce the amount of tax withheld – to match the credit provided through the MCC. Borrowers should attach a copy of their Mortgage Credit Certificate to their W-4 form as back-up for the increase in exemptions. If a borrower's employer is unfamiliar with this process, the borrower should refer him to Schedule 15 in IRS Circular E.

**Which Federal Income Tax Forms to Complete.** MCC recipients must complete IRS Form 8396 each year (assists in determining the amount of the annual credit) and attach to it their Form 1040.

The credit also must be noted on IRS Schedule A. This form requires you to reduce your allowable mortgage interest deduction by the amount of the tax credit.

#### **How to Apply for MCCs**

Before looking for a house, you should talk with a local realtor or lender who can help determine how much of a house you can afford. Once that determination is made, and you find a house you want to buy and have it inspected, you'll need to complete a Purchase and Sale Agreement or Offer to Purchase. The next step is to meet with your lender to apply for a mortgage and the MCC Program.

As mentioned previously, a list of lenders participating in the MCC program is provided on the insert to the brochure. As part of this process, your lender will underwrite the mortgage loan (using the lender's existing underwriting standards) and determine that you meet the requirements of the MCC Program. When that has been done, your lender will contact the MHFA to make sure MCCs are available and to reserve one for you for up to a maximum of 60 days.

Your lender will then send information to MHFA to confirm your eligibility for a MCC. Once your mortgage and MCC applications have been approved, your lender will contact you to schedule a mortgage loan closing date. The MCC document will be mailed to you by MHFA approximately two weeks after your mortgage loan closing.

#### **Costs to the Homebuyer**

When applying for the MCC, borrowers will be charged a non-refundable MHFA administrative fee by lenders of \$150.

There also will be customary closing costs and mortgage application fees charged by the lender as there would be with any conventional mortgage loan. These are discussed briefly in the section about kinds of mortgages with which MCCs can be used. Your lender should provide you with a complete description of costs as part of the mortgage loan application process.



*Illustration by Rob Saunders*

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*Illustration by Rob Saunders*



**NEW  
INCOME &  
HOME PRICE LIMITS**

# MCC

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## MORTGAGE CREDIT CERTIFICATE PROGRAM

**October, 1993**

**The following lenders have agreed to make available MCCs through the MHFA Mortgage Credit Certificate Program.**

### **Statewide Lenders**

BancBoston Mortgage Corp.  
BayBank Mortgage Co.  
Citizens Bank (Boston Five)  
First Eastern Mortgage Corp.  
Graystone Mortgage Corp.  
Northern Mortgage  
Salem Five Mortgage Corp.  
Shawmut Mortgage Corp.  
Springfield Institution for Savings

**Greater Boston Area -** includes Suffolk, Essex, Norfolk, Middlesex, and Plymouth counties

**Statewide Lenders -** see above list

Abington Savings Bank  
Campello Cooperative Bank  
Cooperative Bank of Concord  
Commonwealth United  
Eastern Bank  
Huntington Mortgage Corp.  
Old Colony Mortgage Corp.  
Pioneer Financial Cooperative Bank  
Plymouth Mortgage Co.  
Rockland Trust  
Saugus Bank and Trust  
U.S. Trust  
Warren Five



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**Northern Massachusetts** - includes Essex and Middlesex counties

Statewide Lenders - see above list

Andover Savings Bank  
Family Mutual Savings Bank  
Lowell Five Cents Savings Bank

**Southern/South Eastern Massachusetts** - includes Plymouth, Barnstable, Dukes, Nantucket, Norfolk, and Bristol counties

Statewide Lenders - see above list

Abington Savings Bank  
Bristol Mortgage Corp.  
Campello Cooperative Bank  
New Bedford Institution for Savings  
Plymouth Mortgage Co.  
Rockland Trust

**Central Massachusetts** - includes Worcester county

Statewide Lenders - see above list

**Western Massachusetts** - includes Franklin, Hampshire, Hampden, and Berkshire counties

Statewide Lenders - see above list

Chicopee Savings Bank  
City Savings Bank  
Statewide Funding

#### **PURCHASE PRICE INCREASE**

Acquisition costs have changes for the Fall River market area as of July, 1992. The MHFA programs that are affected are General Lending, Acquisition Set Aside, Real Estate Owned, Mortgage Credit Certificate, Neighborhood Rehabilitation, and Homebuyer Counseling Programs.

The income limits and the map featured in the MHFA's program brochures still apply to the Fall River market area.

#### **THE NEW ACQUISITION COSTS ARE AS FOLLOWS:**

Fall River	Single Family	\$140,000
	Two-family	\$157,000
	Three-family	\$190,000
	Four-family	\$222,000
Swansea, Somerset and Westport	Single-family	\$114,000
	Two-family	\$129,000
	Three-family	\$156,000
	Four-family	\$181,000



GET  
THE ASAP  
ADVANTAGE

# A.S.A.P.

## ACQUISITION SET-ASIDE PROGRAM

### FOR REO OR SLOW MOVING RESIDENTIAL DEVELOPMENTS



If you are a lender, builder, marketing agent, developer or federal regulator who has foreclosed or slow moving residential developments or a prospective first-time homebuyer, you can put the "ASAP Advantage" to work for you.

### Advantages & Requirements

Through the ASAP program, property sellers can secure MHFA financing – at very attractive rates – to make their units more marketable and jump-start sales. First-time buyers under ASAP benefit from affordably priced homes, fixed, low-rate MHFA mortgages and flexible underwriting criteria which reduce up-front costs and make it easier to qualify.

The following chart summarizes the advantages and requirements of the ASAP program for both sellers and first-time homebuyers.

### Eligible Properties

Developments which qualify for ASAP financing include all of the following:

- newly-constructed, single-family detached homes, duplexes, fee-simple townhouses and condominiums
- bank foreclosures
- developments with fewer than 30% investor-owned units
- Newly-constructed or converted units which are being rented, temporarily, while buyers are being sought.

All of the ASAP units must contain at least 700 square feet of living space and one bedroom and must fall within the program price guidelines noted on page 2.

ASAP is specifically targeted to REO or slow moving developments that provide more than 4 units. Assistance for individual, scattered site REO properties is available through MHFA's REO Program.

ADVANTAGES		REQUIREMENTS
Lenders, Developers, Marketing Agents, Builders, Regulators	<ul style="list-style-type: none"> <li>■ Low cost financing to offer as a marketing incentive</li> <li>■ Increased income/sales price limits which will create a larger pool of applicants and properties</li> <li>■ Increased marketability which will result in a quicker sell-out</li> <li>■ Flexible underwriting requirements for condominiums</li> <li>■ Simple, cost-effective application process</li> <li>■ Personalized service</li> </ul>	<ul style="list-style-type: none"> <li>■ Own or be marketing a development that meets property eligibility and sales price guidelines</li> <li>■ Complete an ASAP application</li> </ul>
First-time Homebuyers	<ul style="list-style-type: none"> <li>■ Low interest rate mortgage which results in lower monthly payments</li> <li>■ Low, 5% downpayment requirements (half of which can be a gift or grant)</li> <li>■ Downpayment and closing cost assistance for qualified buyers</li> <li>■ Flexible underwriting criteria which makes it easier for first-time buyers to qualify including 30%/36% ratios</li> <li>■ Mortgage insurance options, important for buyers making low downpayments</li> <li>■ Moderately-priced homes</li> </ul>	<ul style="list-style-type: none"> <li>■ First-time homebuyer</li> <li>■ Creditworthy</li> <li>■ Meet income guidelines</li> </ul>



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## Eligible Homebuyers

To qualify for ASAP mortgages, borrowers must be creditworthy, first-time buyers who meet program income guidelines. Once applicants have an ASAP unit under agreement, they will be referred by the seller to the mortgage lender handling MHFA financing under the ASAP program.

## Income/Sales Price Guidelines

As part of a larger effort to assist in the state's economic recovery, and given the enormous volume of unsold properties which need to be returned to productive use, the income and sales price guidelines for ASAP have been changed which means more prospective buyers will be eligible to take advantage of this opportunity. These new guidelines are as follows:

### How to Apply

Applications from lenders, builders, marketing agents, developers and regulators for a set-aside of ASAP financing are accepted on an on-going basis. For an application form and complete program guidelines, interested parties can contact:

**MHFA's Office of Single Family Programs**  
50 Milk Street  
Boston MA 02109  
Tel. (617) 451-2766

Prospective buyers can use that same number to obtain additional copies of this brochure as well as a listing of current ASAP developments and their marketing agents.

## Acquisition Cost and Income Limits

Market Area	Communities Within Area	Fixed Rates		Types of Construction & Maximum Purchase Price	
		1-2 Persons	3 or More		
<b>A. ATTLEBORO MARKET AREA</b>	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$143,000 \$117,000
<b>B. BOSTON MARKET AREA</b>	BOSTON, CAMBRIDGE, CHELSEA, EVERETT, LYNN, SOMERVILLE	\$50,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$165,000 \$161,000
	ALL OTHER COMMUNITIES	\$50,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$144,000 \$132,000
<b>C. LAWRENCE/HAVERHILL MARKET AREA</b>	LAWRENCE	\$47,000	\$54,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$160,000 \$146,000
	ALL OTHER COMMUNITIES	\$47,000	\$54,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$150,000 \$119,000
<b>D. LOWELL MARKET AREA</b>	ALL	\$49,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000
<b>E. SALEM/GLOUCESTER MARKET AREA</b>	ALL	\$50,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000
<b>F. SPRINGFIELD MARKET AREA</b>	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000
<b>G. FALL RIVER MARKET AREA</b>	FALL RIVER	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$143,000 \$140,000
	SOMERSET, SWANSEA, WESTPORT	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$117,000 \$114,000
<b>H. BALANCE OF STATE MARKET AREA</b>	NORTH ADAMS	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$145,000 \$136,000
	ALL OTHER COMMUNITIES	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000



EQUAL HOUSING  
OPPORTUNITY



GET  
THE ASAP  
ADVANTAGE

# A.S.A.P.

## ACQUISITION SET-ASIDE PROGRAM

SEPTEMBER, 1993

LOCATION	PROJECT NAME	CONTACT	TELEPHONE
ABINGTON	LINCOLN VILLAGE	DAVID MCSHARRY/ MIKE MCSHARRY	617-878-4026
AGAWAM	THE REGENCY	LEE JACKSON	413-786-2249
AMESBURY	WHITTIER MEADOWS	LOUISE MURPHY	508-388-6680
AMHERST	HEDGEROW LANE	SCOTT NIELSEN	413-256-6686
ANDOVER	THE ANDOVER	BRENDON MCGRAPH	508-749-7000
ASHLAND	STARLIGHT VILLAGE	JANICE HANNERT	508-881-6662
ATTLEBORO	BAY PATH II CONDOS	NANCY O'CONNOR	508-643-0400
ATTLEBORO	LEVEL ACRES	PAULA HICKEY	508-695-2355
ATTLEBORO	LEVEL ACRES II	BOB O'DONNELL JR.	508-695-2518
ATTLEBORO	PASEK ESTATES	FRED FRISBIE	508-695-2355
ATTLEBORO	RODNEY STREET	ROLAND MEYNARD	508-339-3712
AYER	NASHOBA VILLAGE	KEN ROLLINS	508-448-2311
AYER	WRIGHT ROAD	CHUCK BRINDLE	508-425-4666
BELCHERTOWN	DANA WOODS	A. STEPHEN FOX	413-731-5058
BOSTON	ARBORVIEW PLACE	ANDREW KAYE	617-227-0893
BOSTON	BAKER SQUARE CONDOS	MAUREEN O'HARA	617-439-3000
BOSTON	COBBLESTONE LANDING	SUNHE SHERWOOD	617-328-1313
BOSTON	DOUGLASS PARK	JEFF GOODMAN	617-451-5757
BOSTON	ROBERT T PAINE HOUSE	WILLIAM STEIN	617-244-6479
BOSTON	STONY BROOK CONDOS	JIM KASPER/ DAVID FRYE	617-323-2100
BOSTON	THE MEWS CONDOMINIUM	PATRICK STANTON	714-640-4950
BOURNE	COACHMAN'S LANE	KEN GRAY	617-871-0080
BOURNE	TARA TERRACE ESTATES	MIKE MCLAUGHLIN	617-826-2211
BRAINTREE	DEVON WOOD	SHAWN HOLMES	508-740-8900
BROCKTON	KERRI-ANN DRIVE	JOE KULLE	508-378-8100
CAMBRIDGE	CAMBRIDGEPORT COMM.	MORT RUDERMAN	617-246-3480
CANTON	RIVER OAKS CONDOS	SUSAN BURKE	617-828-4515



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CHARLTON	KNOLWOOD OF CHARLTON	ARMAND CARPENTIER	508-248-6966
CHELMSFORD	GLENBROOK CONDO	MICHAEL SALMON/ ANN MCBRIDE	508-256-8255
CHELMSFORD	WILLIAMSBURG CONDO 2	DANIEL R. GILLETTE	508-256-2571
CLINTON	RIDGEFIELD CONDOS	GAYLE SABOL	508-368-1221
COHASSET	HOWE ESTATE CONDOS	JOHN KENYAN	617-964-0892
DARTMOUTH	CYPRESS HAVEN	V. SCOTT FOLLANSBEE	508-683-1490
DARTMOUTH	RED OAK ESTATES	KIM FLEMING	508-676-3435
DARTMOUTH	WOODFORD ESTATES	JOSE CASTELO	508-995-6291
DRACUT	ARLINGTON COMMONS	JUDY LACOSS	508-458-1887
DRACUT	ELLSMERE ESTATES	PETER CRICONES	508-957-8000
DRACUT	FUTURE HOMES	LAWRENCE P. BAVIS JR.	508-663-9838
DRACUT	HILLCREST AVE	BRIAN & ED LUSSIER	508-957-8110
DRACUT	LAKEVIEW ESTATES	PETER CRICONES	508-957-8000
DRACUT	SLADEN STREET	JAKE HOBAN	508-453-3888
E. TAUNTON	MATTHEW'S LANDING	JEANINE CASTRO	508-238-1918
E. BRIDGEWATER	ANNA DRIVE	JOE KULLE	508-378-8100
E. BRIDGEWATER	APRIL MEADOWS	MILTON E. MORRIS	508-378-3961
E. BRIDGEWATER	BEAVER ESTATES	JOE KULLE	508-378-8100
E. BRIDGEWATER	CRESCENT RIDGE EST.	JOE KULLE	508-378-8100
E. BRIDGEWATER	LENARD ESTATES	JOE KULLE	508-378-8100
E. BRIDGEWATER	SNELLS BROOK	JOE KULLE	508-378-8100
E. LONGMEADOW	OAK BROOK HOLLOW	A STEPHEN FOX III	413-731-5058
EASTON	ROLLING PINES	ELIZABETH J. WILCZAC	508-468-1415
FALL RIVER	CHACE POND ESTATES	BEATRICE A. MENDES	508-678-7015
FALL RIVER	HATHAWAY COMMONS II	KENNETH E. STEEN	508-995-2205
FALL RIVER	POND VILLAGE ESTATE	BILL SILVIA	508-679-4474
FALL RIVER	THE LANDING @ S. PK.	ANDREW KOINES	617-828-8100
FOXBOROUGH	COCASSET PARK CONDO	BRIAN SMITH	508-339-4130
HAVERHILL	PERSIMMON WOOD	NICK BELLINI	508-372-7141
HAVERHILL	SOUTH RIVERVIEW	ED MAHONEY	508-373-6033
HAVERHILL	TARA HOMES	ELLEN ROCHE	508-372-9171
HAVERHILL	TAYLOR STREET	JACK GOLDMAN	508-372-3464
HAVERHILL	TAYLOR STREET EST II	CHARLIE MANDRACHIA	617-233-0400
HINGHAM	BEAL'S COVE VILLAGE	MARY CLAFLIN	617-749-1600



HOLDEN	MILL POND PLACE	NICKI CONNOLLY	508-829-3184
HUBBARDSTON	BRIARWOOD TOWNHOME	PAUL VARNEY	508-355-4438
HULL	NANTASCOT PLACE	SHARON HOLMES	617-740-4499
IPSWICH	BROWN'S MANOR	BARBARA NORMANDIN	508-465-9900
LAWRENCE	MAPLE TREE ESTATES	JAMES L. SHERIDAN, JR.	508-682-6607
LEICESTER	CEDAR MEADOW ESTATES	JUDY BUTLER	508-892-4909
LEXINGTON	LEXINGTON VILLAGE	KEVIN KILCOYNE	617-721-2311
LOWELL	MERRIMAC ESTATES	MARY SQUIRES	508-441-2100
LOWELL	RIVERVIEW ESTATES	JOE SILVA	508-851-7277
LOWELL	SOUTH WOODS ESTATES	JOSEPH SILVA	508-851-7277
LYNN	GRAYSON'S LANDING	DON BAKER	617-599-8727
MANSFIELD	EASTFIELD PARK	BRIAN SMITH	508-339-4130
MANSFIELD	EASTLEIGH ESTATES	JOE KULLE	508-378-8100
MANSFIELD	FAIRFIELD PARK CONDO	BRIAN SMITH	508-339-4130
MARLBOROUGH	CRYSTAL BROOK CONDO	MICHAEL SALMON	508-392-9000
MASHPEE	DOWN EAST ESTATES	KEN MARSTERS	508-477-4444
MASHPEE	HIGHLANDS-MASHPEE	KEN MARSTERS	508-477-4444
MASHPEE	PIMLICO HEIGHTS	LARRY NICKULAS	508-362-6295
MASHPEE	QUASHNET VALLEY	KEN MARSTERS	508-477-4444
MASHPEE	SUNSET OF MASHPEE	DONALD PRIESTLY/ SHARON OLIVER	508-477-0023
MASHPEE	WINSLOW FARMS	DEIRDRE FREY TERRY	508-477-5070
MILLBURY	ELMWOOD HEIGHTS	JAMES FITZPATRICK	508-865-4107
NEW BEDFORD	OAKLEY STREET DEV.	SUSAN Z. HOLDING	508-995-2205
NEW BEDFORD	THORNDIKE STREET	JAMES E. HOLDING	508-995-2205
NEW BEDFORD	WINDSONG CIRCLE II	BEATRICE A. MENDES	508-678-7015
NORTH ANDOVER	HERITAGE GREEN CONDO	JOE SALEMI	508-688-5994
NO. ATTLEBORO	N. ATTLEBORO HGHTS 3	TINA GOLANT	508-643-1144
NO. ATTLEBORO	PACE RIDGE CONDO II	TINA GOLANT	508-643-1144
NORTHAMPTON	THE GABLES CONDOS	ANDREW SMITH/ BERDI THOMPSON	800-666-6747
NORTON	WHITE BIRCH ESTATES	ANNA PRECOURT	508-222-8031
OXFORD	LOWES BROOK ESTATES	JOHN STELMOK	508-754-9641
PALMER	PETERSON HEIGHTS	A. STEPHEN FOX, III	413-731-5058
PEABODY	TANNERY GARDEN	DON PIZZUTI	617-720-0770
POCASSET	LILY POND CONDOS	LESLIE MEDEIROS	508-564-4837

QUINCY	SEA WINDS	DAVID CHAPAN	617-328-9050
QUINCY	SOUTHGATE PLACE	MELISSA KIMBALL	617-773-7445
ROCKLAND	CULLIVAN FARM	SHARON HOLMES	617-749-9776
ROCKLAND	LAUREN DRIVE	DAVID MCSHARRY/ MIKE MCSHARRY	617-878-4026
ROCKLAND	SUMMER STREET	DAVID MCSHARRY/ MIKE MCSHARRY	617-878-4026
SALEM	COLLINS COVE	MARGE FRITH	508-745-6129
SALEM	ESSEX CONDOMINIUM	DAVID BAILIN	508-745-0022
SALEM	VILLAGE @ VINNIN SQ.	STEVEN N. ZIEFF	508-745-0574
SHIRLEY	LONGLEY TRACE CONDO	PETER KNOX	508-425-4319
SHREWSBURY	MAPLEWOOD CONDOS	DAVID MCSHARRY/ MIKE MCSHARRY	617-878-4026
SOUTH HADLEY	SHADOWBROOK ESTATES	DINO MARINELLO	413-536-2596
SPRINGFIELD	ALLEN STREET	JOAN STOREY	413-567-3361
SPRINGFIELD	VILLAGES @ EASTFIELD	CHRISTINA PAYNE	413-543-8452
STURBRIDGE	STURBRIDGE HILLS	JEAN LOCONTO	508-764-3287
TAUNTON	KING JAMES ESTATE	JOE KULLE	508-378-8100
WALPOLE	VILLAGE AT SWAN POND	DAVID FIORAVANTI	508-668-0500
W. BARNSTABLE	BERKSHIRE TRAIL	SHARON OLIVER	508-477-0023
W. SPRINGFIELD	HERITAGE LANDING	JOHN MANGANARO	413-589-7462
WESTBOROUGH	MAYPLEWOOD CONDO	PAM PINTO	508-836-0120
WILMINGTON	SILVERHURST AVENUE	LINN ANDERSON	508-658-5355
WINCHENDON	SANDY HEIGHTS II	J. C. SPARKS	508-297-1585
WORCESTER	EDGEWORTH CONDOS	FRANCES SHIFMAN/ JOAN BUCK	617-566-1026
WORCESTER	GREEN HILL ESTATES	STEVE LEVINE	508-870-0880
YARMOUTH	CAMP STREET	EVERETT W. BOY, JR.	508-394-3090
YARMOUTH	NORTH DENNIS ROAD	EVERETT W. BOY, JR.	508-394-3090



## ACCESSING AFFORDABLE HOUSING OPPORTUNITIES IN THE CURRENT REAL ESTATE MARKET



A SERVICE OF THE EXECUTIVE  
OFFICE OF COMMUNITIES AND  
DEVELOPMENT AND MASSACHUSETTS  
HOUSING FINANCE AGENCY

**L**enders, realtors and federal agencies with foreclosed properties to market and prospective first-time homebuyers can benefit from MHFA's "REO Resource".

Through the REO program, lenders and/or federal regulators can secure MHFA financing – at very attractive rates – to use as a marketing incentive and stimulate sales. Low- and moderate-income first-time buyers who purchase properties through the REO Program benefit from fixed, low-rate MHFA mortgages and flexible underwriting criteria which reduce up-front costs and make it easier to qualify.

The chart below summarizes the advantages and requirements of the REO program for both sellers and first-time homebuyers.

### Eligible Properties

All 1-4 unit REO properties meeting MHFA's unit eligibility and cost guidelines are eligible for this program. Mortgages for both the purchase *and* rehabilitation of properties are available as are mortgages for the purchase

of 2-4 family homes where an owner will occupy one of the units and help support mortgage payments from rental income from the remaining units.

### Property Inspections

Before bidding on or making an offer to purchase an REO property, prospective buyers are cautioned to get the property inspected and to secure estimates of needed repairs. This is particularly important since many REO properties may be in need of substantial rehabilitation or require asbestos or lead paint removal. In some areas, local housing rehabilitation agencies may be available to assist buyers in identifying and carrying out needed repairs. The MHFA requires lead paint abatement on the purchase of all 2-4 unit properties that are bank-or regulator-held. However, financing is available through the Agency's Lead Paint Abatement Program. (See the MHFA's "Get the Lead Out" brochure for details.)

ADVANTAGES		REQUIREMENTS
Banks, realtors, mortgage companies, regulators, FNMA, FHLMC, FHA, VA	<ul style="list-style-type: none"> <li>■ Low cost financing to offer as a marketing incentive</li> <li>■ Increased income/sales price limits which will create a larger pool of applicants and properties</li> <li>■ Increased marketability which will speed sales</li> <li>■ Flexible underwriting requirements for condominiums</li> <li>■ Availability of purchase/rehab financing</li> </ul>	<ul style="list-style-type: none"> <li>■ Be holding 1-4 unit properties that meet property eligibility and sales price guidelines</li> </ul>
First-time Homebuyers	<ul style="list-style-type: none"> <li>■ Low interest rate mortgage which results in lower monthly payments</li> <li>■ Low, 5% downpayment requirements (half of which can be a gift or grant)</li> <li>■ Downpayment and closing cost assistance for qualified buyers</li> <li>■ Flexible underwriting criteria which makes it easier for first-time buyers to qualify including 30%/36% ratios</li> <li>■ Mortgage insurance options, important for buyers making low downpayments</li> <li>■ Moderately-priced homes</li> </ul>	<ul style="list-style-type: none"> <li>■ First-time homebuyer</li> <li>■ Creditworthy</li> <li>■ Meet income guidelines</li> </ul>



### FEDERAL RECAPTURE PROVISIONS:

Under current federal law, homebuyers who sell their house within nine years may have to pay back some or all of the savings they have received as a result of the lower interest rate mortgage provided through MHFA. The amount of recapture owed is determined using a formula which considers household size and income at the time of sale; the year the home is sold; and how much the property has appreciated.

### How to Apply for MHFA Mortgages

To apply you must have an executed Purchase & Sale or an Accepted Offer to Purchase Agreement. In addition, you must have signed copies of your Federal Income Tax Returns for the past three years to verify your first time owner status to the mortgage department of a participating lender. Qualified buyers should contact an approved MHFA lender at the time they are ready to apply for a mortgage.

### General Eligibility Guidelines

**1. Except in federally-targeted areas, you must be a first-time homebuyer.**

A first-time homebuyer is defined as someone who has not had an ownership interest in a principal residence in the past three years.

Federally targeted areas in which you do not have to be a first-time buyer are Boston, Chelsea, Everett, Fall River, Lawrence, Lynn, North Adams and Somerville. If you are not a first time buyer but wish to purchase REO property in one of these communities, you must sell your present home and use some of the proceeds from that sale to buy the home you are financing with the MHFA mortgage loan.

Under any circumstances, you must occupy as your principal residence the home purchased with the MHFA mortgage for as long as you have that mortgage.

**2. You must be income eligible.** As part of a larger effort to assist in the state's economic recovery, and given the enormous volume of unsold properties which need to be returned to productive use, the income guidelines for REO have been increased which means more prospective buyers will be eligible to take advantage of this opportunity. These



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increases were approved by the MHFA on a temporary basis and are shown on page 3.

**3. You must buy a home priced with certain acquisition limits.** Home acquisition cost limits are set in accordance with Federal Law and vary depending on the geographic area in which you are buying and the type of home you are purchasing. These limits also were changed recently to capture more of the state's excess housing inventory. The acquisition cost generally refers to the purchase price of a completed unit. It may also include home fixtures included in the purchase price and, in the case of an unfinished unit, the cost of completing construction. A complete listing of current limits is provided on page 3.

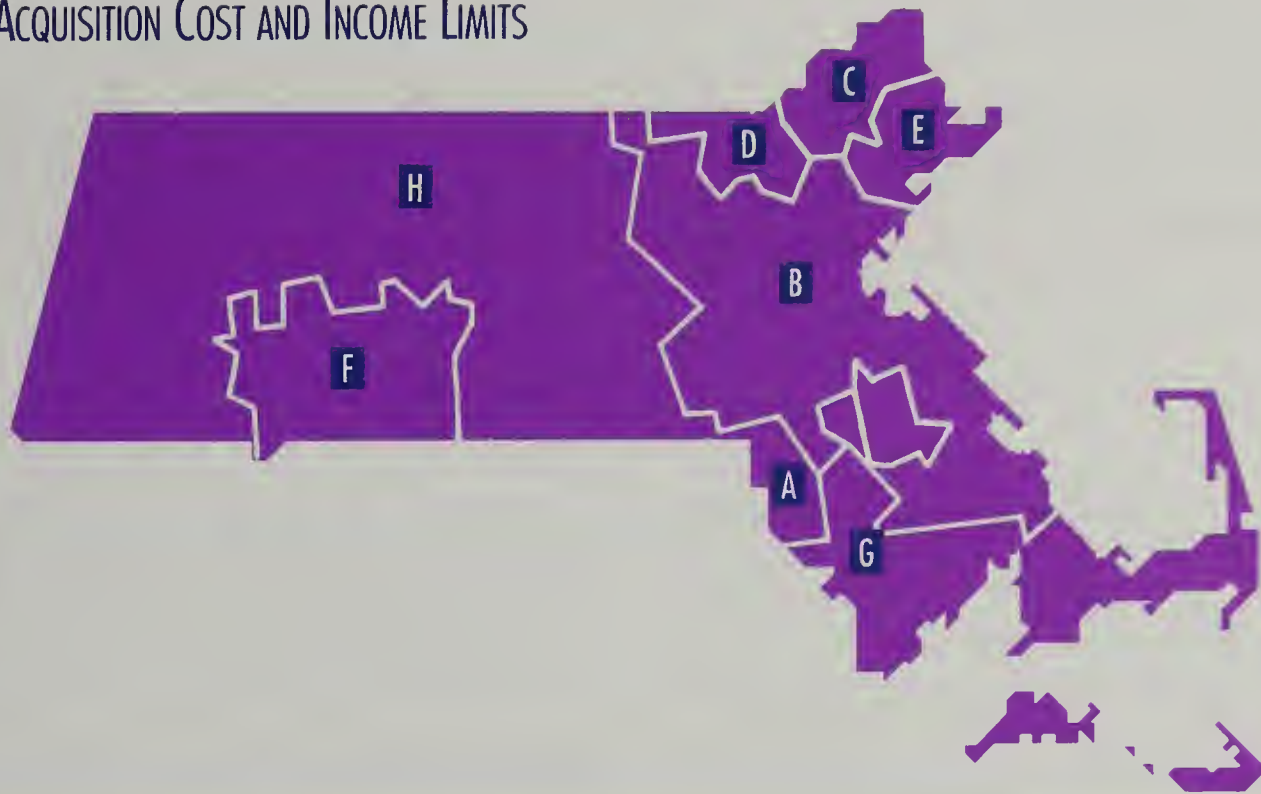
**4. You must have a good credit record.** As part of the mortgage application review process, lenders will run a credit check on you, and then prepare a credit report. This report details your present financial condition and your history of meeting your monthly bill payments. For information on how you can obtain a copy of your credit record and for credit advice, contact the Consumer Credit Counseling Service at (617) 426-6644.

(Continued on page 5)



## ACQUISITION COST AND INCOME LIMITS

Refer to the map shown here to determine which market area the home you are buying is located in. The letters in the map correspond to the letters next to the market areas listed in the chart. If you are unsure about which market area you are buying in, refer to the alphabetical list of communities on page 4. The letter to the right of the community will correspond with the letter identifying the market area on the chart.



MARKET AREA	COMMUNITIES WITHIN AREA	FIXED RATES		TYPES OF CONSTRUCTION & MAXIMUM PURCHASE PRICE			
		1-2 PERSONS	3 OR MORE				
<b>A.</b> ATTLEBORO MARKET AREA	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW	\$143,000	2 FAMILY EXISTING	\$132,000
				SINGLE FAMILY EXISTING	\$117,000	3 FAMILY EXISTING	\$160,000
						4 FAMILY EXISTING	\$186,000
<b>B.</b> BOSTON MARKET AREA	BOSTON, CAMBRIDGE, CHELSEA, EVERETT, LYNN, SOMERVILLE	\$50,000	\$57,000	SINGLE FAMILY NEW	\$165,000	2 FAMILY EXISTING	\$181,000
				SINGLE FAMILY EXISTING	\$161,000	3 FAMILY EXISTING	\$219,000
						4 FAMILY EXISTING	\$255,000
	ALL OTHER COMMUNITIES	\$50,000	\$57,000	SINGLE FAMILY NEW	\$144,000	2 FAMILY EXISTING	\$148,000
				SINGLE FAMILY EXISTING	\$132,000	3 FAMILY EXISTING	\$180,000
						4 FAMILY EXISTING	\$209,000
<b>C.</b> LAWRENCE/HAVERHILL MARKET AREA	LAWRENCE	\$47,000	\$54,000	SINGLE FAMILY NEW	\$160,000	2 FAMILY EXISTING	\$164,000
				SINGLE FAMILY EXISTING	\$146,000	3 FAMILY EXISTING	\$199,000
						4 FAMILY EXISTING	\$231,000
	ALL OTHER COMMUNITIES	\$47,000	\$54,000	SINGLE FAMILY NEW	\$150,000	2 FAMILY EXISTING	\$134,000
				SINGLE FAMILY EXISTING	\$119,000	3 FAMILY EXISTING	\$162,000
						4 FAMILY EXISTING	\$188,000
<b>D.</b> LOWELL MARKET AREA	ALL	\$49,000	\$57,000	SINGLE FAMILY NEW	\$131,000	2 FAMILY EXISTING	\$125,000
				SINGLE FAMILY EXISTING	\$111,000	3 FAMILY EXISTING	\$151,000
						4 FAMILY EXISTING	\$176,000
<b>E.</b> SALEM/GLOUCESTER MARKET AREA	ALL	\$50,000	\$57,000	SINGLE FAMILY NEW	\$131,000	2 FAMILY EXISTING	\$125,000
				SINGLE FAMILY EXISTING	\$111,000	3 FAMILY EXISTING	\$151,000
						4 FAMILY EXISTING	\$176,000
<b>F.</b> SPRINGFIELD MARKET AREA	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW	\$131,000	2 FAMILY EXISTING	\$125,000
				SINGLE FAMILY EXISTING	\$111,000	3 FAMILY EXISTING	\$151,000
						4 FAMILY EXISTING	\$176,000
<b>G.</b> FALL RIVER MARKET AREA	FALL RIVER	\$46,000	\$52,000	SINGLE FAMILY NEW	\$143,000	2 FAMILY EXISTING	\$157,000
				SINGLE FAMILY EXISTING	\$140,000	3 FAMILY EXISTING	\$190,000
						4 FAMILY EXISTING	\$222,000
	SOMERSET, SWANSEA, SWANSEA WESTPORT	\$46,000	\$52,000	SINGLE FAMILY NEW	\$117,000	2 FAMILY EXISTING	\$129,000
				SINGLE FAMILY EXISTING	\$114,000	3 FAMILY EXISTING	\$156,000
						4 FAMILY EXISTING	\$181,000
<b>H.</b> BALANCE OF STATE MARKET AREA	NORTH ADAMS	\$46,000	\$52,000	SINGLE FAMILY NEW	\$145,000	2 FAMILY EXISTING	\$153,000
				SINGLE FAMILY EXISTING	\$136,000	3 FAMILY EXISTING	\$185,000
						4 FAMILY EXISTING	\$215,000
	ALL OTHER COMMUNITIES	\$46,000	\$52,000	SINGLE FAMILY NEW	\$131,000	2 FAMILY EXISTING	\$125,000
				SINGLE FAMILY EXISTING	\$111,000	3 FAMILY EXISTING	\$151,000
						4 FAMILY EXISTING	\$176,000

MASSACHUSETTS HOUSING FINANCE AGENCY  
50 MILK STREET  
BOSTON, MA 02109  
(617) 451-2766  
TDD (617) 451-3650  
FAX (617) 451-3835



EQUAL HOUSING  
OPPORTUNITY





#### FEDERAL RECAPTURE PROVISIONS:

Under current federal law, homebuyers who sell their houses within nine years may have to buy back some or all of the savings they have received as a result of the lower interest rate mortgage provided through MHFA. The amount of recapture owed is determined using a formula which considers household size and income at the time of sale; the year the home is sold; and how much the property has appreciated.

### General Eligibility Guidelines

In addition to completing an approved homebuyer counseling program, to secure mortgage financing you must meet the following general eligibility guidelines:

**1. Except in federally-targeted areas, you must be a first-time homebuyer.**

A first-time homebuyer is defined as someone who has not had an ownership interest in a principal residence in the past three years.

Federally-targeted areas in which you do not have to be a first-time buyer are Boston, Chelsea, Everett, Fall River, Lawrence, Lynn, North Adams and Somerville. If you are not a first-time buyer and wish to purchase a property in one of these communities, you must sell your present home and use some of the proceeds from that sale to buy the home you are financing with the MHFA mortgage loan.

Under any circumstances, you must occupy as your principal residence the home purchased with the MHFA mortgage for as long as you have that mortgage.

**2. You must be income eligible.** The MHFA's income limits are based on federal law and vary depending upon the geographic area in which you are buying a home (see page 3). Recently, these income limits were increased as part of a larger effort to assist in the recovery of the real estate market.

Income eligibility is determined by Gross Annual Household Income. The Gross Annual Household Income is defined as your aggregate annual gross income and that of all other people living in or expecting to live in the residence (or the unit being purchased therein) which you will be occupying at the time of the loan closing.

To calculate annualized gross income, multiply gross monthly income by 12. Gross monthly income is the sum of monthly gross pay; any additional income from all sources, plus both taxable and non-taxable income including but not limited to any of the following: other earnings, overtime, part-time employment, bonuses, dividends, interest, annuities, pensions, Veterans Administration (VA) compensation, gross rental or lease income (or in the case of Qualified Rehabilitation Loans, net rental or lease income from units in the structure to be financed), commissions, deferred income, welfare payments, social security benefits, disability payments, alimony, support payments, public assistance, sick pay, unemployment compensation and income received from trusts from business activities and investments.

**3. The acquisition cost of the home you buy must not exceed certain limits.**

Home acquisition cost limits are set in accordance with Federal Law and vary depending on the geographic area in which you are buying and the type of home you are purchasing. These limits also were increased recently. The acquisition cost generally refers to the purchase price of a completed unit. It may also include home fixtures included in the purchase price and, in the case of an unfinished unit, the cost of completing construction. Current acquisition cost limits are defined on page 3.

**4. You must have a good credit record.**

As part of the mortgage application review process, lenders will run a credit check on you, and then prepare a credit report. This report details your present financial condition and your history of meeting your monthly bill payments. For information on how you can obtain a copy of your credit record and for credit advice, contact the Consumer Credit Counseling Service at (617) 426-6644.

**5. You also must have either an Accepted Offer to Purchase or an executed Purchase & Sale Agreement.**

■ An Accepted Offer to Purchase is a contract (signed by both the buyer and seller) which indicates the acceptance by the seller of a buyer's offer.

■ A signed Purchase & Sale Agreement is a more detailed version of the above contract.

Both contracts are binding subject to certain contingencies which can be included in the agreements.

*MHFA urges prospective borrowers to obtain professional advice prior to signing either of the above agreements. The Agency strongly advises that both of these documents contain a properly worded provision that makes the effectiveness of such an agreement contingent upon receipt of MHFA financing. MHFA also encourages borrowers to make such agreements contingent upon the receipt of a satisfactory property inspection report.*



(continued from page 2)

- 6. You must meet certain underwriting limits.** Lenders will also look at two different ratios to see whether you meet the MHFA's underwriting limits. More detail on these two ratios is provided below.

#### Housing to Income Ratio:

- your total monthly housing expenses (principal, interest, property taxes, primary mortgage insurance, hazard insurance and condominium fees, if applicable) should not exceed 30 percent of your stable gross monthly income.

#### Payment to Income Ratio:

- your monthly housing expense plus payments on all other installment debts having a life of more than 10 months, should not exceed 36 percent of your stable gross monthly income. Rental income from a two- to four-family house that you are purchasing will be considered in your ability to meet monthly mortgage payments, it will not be considered in determining if you meet the income limits for a mortgage loan.

#### How to Calculate Credit Ratios

To calculate your gross housing to income ratio, divide your total monthly housing expenses by your total monthly gross income. You can use the chart below.

HOUSING TO INCOME RATIO	
Monthly Stable Income (A)	Monthly Housing Expense (B)
your stable gross monthly income _____	mortgage payments (including principal and interest) _____
your stable monthly overtime/bonuses _____	monthly fire and hazard insurance _____
stable secondary monthly income _____	monthly real estate taxes _____
stable monthly dividend income _____	monthly primary mortgage insurance _____
	monthly homeowner's association fee _____
	(portion of condominium fee applicable to common areas)
Total (A) _____	Total (B) _____
	$B \div A =$ _____
	Housing to Income Ratio

Housing expense (Total B) divided by monthly income (Total A) equals your housing to income ratio. This ratio should not exceed 30 percent.

To calculate your payment to income ratio, add your total monthly housing expense (from Total B) to your other monthly debt payments (include your monthly payments for all debts such as charge accounts, auto loans and educational loans, which have remaining terms of more than 10 payments) and then divide that number by your stable monthly income (Total A)

Use the chart below to calculate this ratio.

PAYMENT TO INCOME RATIO	
Total (B) _____	Credit Card Payments _____
Car Loan _____	
Car Loan _____	
Education Loan _____	Other Loan(s) _____
Education Loan _____	
	Total (C) _____
$C \div A =$ _____	
Payment to Income Ratio	

Total monthly payments (Total C) divided by stable monthly income (Total A) equals the payment to income ratio. This ratio should not exceed 36 percent.

To qualify for a home mortgage from MHFA both of the ratios calculated above should not exceed the specified percentages.

#### Purchasers of 3-4 Unit Homes

As part of a larger effort to help buyers of multifamily homes handle the often complicated responsibilities of being a landlord, the MHFA requires homebuyer counseling for all purchasers of 3-4 unit properties. Buyers must complete training relating to 3-4 unit ownership and receive a certificate from an Agency-approved homebuyer counseling program, prior to loan closing. (See a Homebuyer Counseling list of approved agencies.)



#### FEDERAL RECAPTURE PROVISIONS:

Under current federal law, homebuyers who sell their houses within nine years may have to buy back some or all of the savings they have received as a result of the lower interest rate mortgage provided through MHFA. The amount of recapture owed is determined using a formula which considers household size and income at the time of sale; the year the home is sold; and how much the property has appreciated.

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■ A signed Purchase & Sale Agreement is a more detailed version of the above contract.

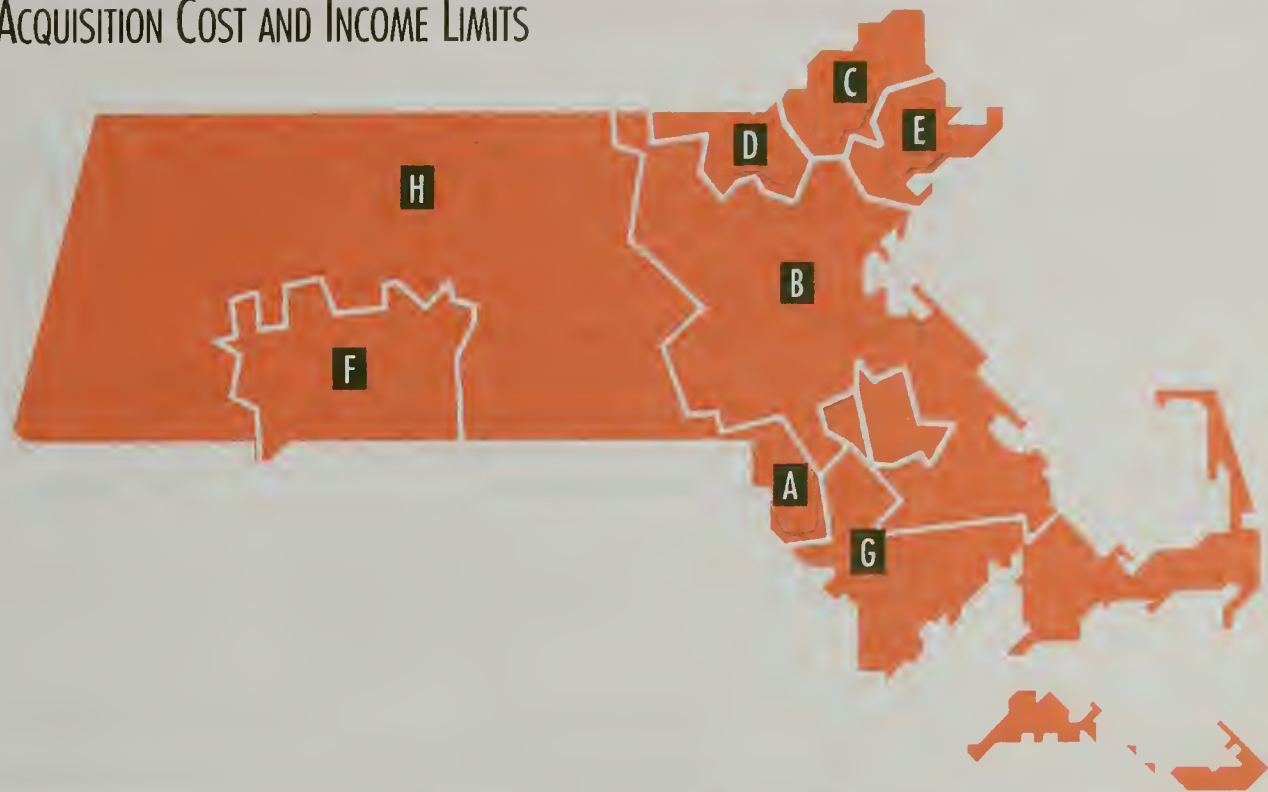
Both contracts are binding subject to certain contingencies which can be included in the agreements.

*MHFA urges prospective borrowers to obtain professional advice prior to signing either of the above agreements. The Agency strongly advises that both of these documents contain a properly worded provision that makes the effectiveness of such an agreement contingent upon receipt of MHFA financing. MHFA also encourages borrowers to make such agreements contingent upon the receipt of a satisfactory property inspection report.*



## ACQUISITION COST AND INCOME LIMITS

Refer to the map shown here to determine which market area the home you are buying is located in. The letters in the map correspond to the letters next to the market areas listed in the chart. If you are unsure about which market area you are buying in, refer to the alphabetical list of communities on page 4. The letter to the right of the community will correspond with the letter identifying the market area on the chart.



MARKET AREA	COMMUNITIES WITHIN AREA	FIXED RATES		TYPES OF CONSTRUCTION & MAXIMUM PURCHASE PRICE			
		1-2 PERSONS	3 OR MORE				
<b>A. ATTLEBORO MARKET AREA</b>	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$143,000 \$117,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$132,000 \$160,000 \$186,000
<b>B. BOSTON MARKET AREA</b>	BOSTON, CAMBRIDGE, CHELSEA, EVERETT, LYNN, SOMERVILLE	\$50,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$165,000 \$161,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$181,000 \$219,000 \$255,000
	ALL OTHER COMMUNITIES	\$50,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$144,000 \$132,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$148,000 \$180,000 \$209,000
<b>C. LAWRENCE/HAVERHILL MARKET AREA</b>	LAWRENCE	\$47,000	\$54,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$160,000 \$146,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$164,000 \$199,000 \$231,000
	ALL OTHER COMMUNITIES	\$47,000	\$54,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$150,000 \$119,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$134,000 \$162,000 \$188,000
<b>D. LOWELL MARKET AREA</b>	ALL	\$49,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$125,000 \$151,000 \$176,000
<b>E. SALEM/GLOUCESTER MARKET AREA</b>	ALL	\$50,000	\$57,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$125,000 \$151,000 \$176,000
<b>F. SPRINGFIELD MARKET AREA</b>	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$125,000 \$151,000 \$176,000
<b>G. FALL RIVER MARKET AREA</b>	FALL RIVER	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$143,000 \$140,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$157,000 \$190,000 \$222,000
	SOMERSET, SWANSEA, SWANSEA WESTPORT	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$117,000 \$114,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$129,000 \$156,000 \$181,000
<b>H. BALANCE OF STATE MARKET AREA</b>	NORTH ADAMS	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$145,000 \$136,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$153,000 \$185,000 \$215,000
	ALL OTHER COMMUNITIES	\$46,000	\$52,000	SINGLE FAMILY NEW SINGLE FAMILY EXISTING	\$131,000 \$111,000	2 FAMILY EXISTING 3 FAMILY EXISTING 4 FAMILY EXISTING	\$125,000 \$151,000 \$176,000

ABINGTON	H	CAMBRIDGE	B	HADLEY	H	MILFORD	B	RANDOLPH	B	WAKEFIELD	B
ACTON	B	CANTON	B	HALIFAX	H	MILLBURY	H	RAYNHAM	B	WALES	H
ACUSHNET	H	CARLISLE	B	HAMILTON	E	MILLIS	B	READING	B	WALPOLE	B
ADAMS	H	CARVER	B	HAMPDEN	F	MILLVILLE	A	REHOBOTH	A	WALTHAM	B
AGAWAM	F	CHARLEMONT	H	HANCOCK	H	MILTON	B	REVERE	B	WARE	H
ALFORD	H	CHARLTON	H	HANOVER	B	MONROE	H	RICHMOND	H	WAREHAM	H
AMESBURY	C	CHATHAM	H	HANSON	B	MONSON	F	ROCHESTER	H	WARREN	H
AMHERST	H	CHELMSFORD	D	HARDWICK	H	MONTAGUE	H	ROCKLAND	B	WARWICK	H
ANDOVER	C	CHELSEA	B	HARVARD	B	MONTEREY	H	ROCKPORT	E	WASHINGTON	H
ARLINGTON	B	CHESHIRE	H	HARWICH	H	MONTGOMERY	F	ROWE	H	WATERTOWN	B
ASHBURNHAM	H	CHESTER	H	HATFIELD	H	MT. WASHINGTON	H	ROWLEY	E	WAYLAND	B
ASHBY	H	CHESTERFIELD	H	HAVERHILL	C			ROYALSTON	H	WEBSTER	H
ASHFIELD	H	CHICOPEE	F	HAWLEY	H	NAHANT	B	RUSSELL	F	WELLESLEY	B
ASHLAND	B	CHILMARK	H	HEATH	H	NANTUCKET	H	RUTLAND	H	WELLFLEET	G
ATHOL	H	CLARKSBURG	H	HINGHAM	B	NATICK	B			WENDELL	H
ATTLEBORO	A	CLINTON	H	HINSDALE	H	NEEDHAM	B	SALEM	E	WENHAM	E
AUBURN	H	COHASSET	B	HOLBROOK	B	NEW ASHFORD	H	SALISBURY	C	WEST BOYLSTON	H
AVON	H	COLRAIN	H	HOLDEN	H	NEW BEDFORD	H	SANDISFIELD	H	WEST BRIDGEWATER	H
AYER	B	CONCORD	B	HOLLAND	H	NEW BRAINTREE	H	SANDWICH	H	WEST BROOKFIELD	H
		CONWAY	H	HOLLISTON	B	NEW MARLBOROUGH	H	SAUGUS	B	WEST NEWBURY	C
BARNSTABLE	H	CUMMINGTON	H	HOLYOKE	F	NEW SALEM	H	SAVOY	H	WEST SPRINGFIELD	F
BARRE	H			HOPEDALE	B	NEWBURY	C	SCITUATE	B	WEST STOCKBRIDGE	H
BECKET	H	DALTON	H	HOPKINTON	B	NEWBURYPORT	C	SEEKONK	A	WEST TISBURY	H
BEDFORD	B	DANVERS	E	HUBBARDSTON	H	NEWTON	B	SHARON	B	WESTBOROUGH	H
BELCHERTOWN	F	DARTMOUTH	H	HUDSON	B	NORFOLK	B	SHEFFIELD	H	WESTFIELD	F
BELLINGHAM	B	DEDHAM	B	HULL	B	NORTH ADAMS	H	SHELBURNE	H	WESTFORD	D
BELMONT	B	DEERFIELD	H	HUNTINGTON	F	NORTH ANDOVER	C	SHERBORNE	B	WESTHAMPTON	H
BERKLEY	H	DENNIS	H			NORTH ATTLEBORO	A	SHIRLEY	B	WESTMINSTER	H
BERLIN	B	DIGHTON	H	IPSWICH	E	NORTH BROOKFIELD	H	SHREWSBURY	H	WESTON	B
BERNARDSTON	H	DOUGLAS	H	KINGSTON	B	NORTH READING	B	SHUTESBURY	H	WESTPORT	G
BEVERLY	E	DOVER	B			NORTHAMPTON	F	SOMERSET	G	WESTWOOD	B
BILLERICA	D	DRACUT	D			NORTHBOROUGH	H	SOMERVILLE	B	WEYMOUTH	B
BLACKSTONE	A	DUDLEY	H	LAKEVILLE	B	NORTHBRIDGE	H	SOUTH HADLEY	F	WHATELY	H
BLANDFORD	H	DUNSTABLE	D	LANCASTER	B	NORTHFIELD	H	SOUTHAMPTON	F	WHITMAN	H
BOLTON	B	DUXBURY	B	LANESBOROUGH	H	NORTON	B	SOUTHBOROUGH	B	WILBRAHAM	F
BOSTON	B			LAWRENCE	C	NORWELL	B	SOUTHBRIDGE	H	WILLIAMSBURG	H
BOURNE	H	EAST BRIDGEWATER	H	LEE	H	NORWOOD	B	SOUTHWICK	F	WILLIAMSTOWN	H
BOXBOROUGH	B	EAST BROOKFIELD	H	LEICESTER	H			SPENCER	H	WILMINGTON	B
BOXFORD	C	EAST LONGMEADOW	F	LENOX	H	OAK BLUFFS	H	SPRINGFIELD	F	WINCHENDON	H
BOYLSTON	H	EASTHAM	H	LEOMINSTER	H	OAKHAM	H	STERLING	H	WINCHESTER	B
BRAINTREE	B	EASTHAMPTON	F	LEVERETT	H	ORANGE	H	STOCKBRIDGE	H	WINDSOR	H
BRIDGEWATER	H	EASTON	H	LEXINGTON	B	ORLEANS	H	STONEHAM	B	WINTHROP	B
BRIMFIELD	H	EDGARTOWN	H	LEYDEN	H	OTIS	H	STOUGHTON	B	WOBURN	B
BROCKTON	H	EGREMONT	H	LINCOLN	B	OXFORD	H	STOW	B	WORCESTER	H
BREWSTER	H	ERVING	H	LITTLETON	B			STURBRIDGE	H	WORTHINGTON	H
BROOKFIELD	H	ESSEX	E	LONGMEADOW	F	PALMER	F	SUDBURY	B	WRENTHAM	B
BROOKLINE	B	EVERETT	B	LOWELL	D	PAXTON	H	SUNDERLAND	H		
BUCKLAND	H			LUDLOW	F	PEABODY	E	SUTTON	H	YARMOUTH	H
BURLINGTON	B	FAIRHAVEN	H	LUNENBERG	H	PELHAM	H	SWAMPSCOTT	E		
		FALL RIVER	G	LYNN	B	PEMBROKE	B	SWANSEA	G		
		FALMOUTH	H	LYNNFIELD	B	PEPPERELL	D				
		FITCHBURG	H			PERU	H	TAUNTON	H		
		FLORIDA	H	MALDEN	B	PETERSHAM	H	TEMPLETON	H		
		FOXBOROUGH	B	MANCHESTER	E	PHILLIPSTON	H	TEWKSBURY	D		
		FRAMINGHAM	B	MANSFIELD	B	PITTSFIELD	H	TISBURY	H		
		FRANKLIN	B	MARBLEHEAD	E	PLAINFIELD	H	TOLLAND	H		
		FREETOWN	H	MARION	H	PLAINVILLE	A	TOPSFIELD	E		
				MARLBOROUGH	B	PLYMOUTH	B	TOWNSEND	B		
		GARDNER	H	MARSHFIELD	B	PLYMPTON	B	TRURO	H		
		GAY HEAD	H	MASHPEE	H	PRINCETON	H	TYNGSBOROUGH	D		
		GEORGETOWN	C	MATTAPOISETT	H	PROVINCETOWN	H	TYRINGHAM	H		
		GILL	H	MAYNARD	B						
		GLOUCESTER	E	MEDFIELD	B	QUINCY	B	UPTON	B		
		GOSHEN	H	MEDFORD	B			UXBRIDGE	H		
		GOSNOLD	H	MEDWAY	B						
		GRAFTON	H	MELROSE	B						
		GRANBY	F	MENDON	B						
		GRANVILLE	H	MERRIMAC	C						
		GREAT BARRINGTON	H	METHUEN	C						
		GREENFIELD	H	MIDDLEBOROUGH	B						
		GROTON	B	MIDDLEFIELD	H						
		GROVELAND	C	MIDDLETON	E						



# Homebuyer Counseling Program

October 1993

## PARTICIPATING ORGANIZATIONS

The following organizations have been approved for participation in MHFA's Homebuyer Counseling Program. Each organization has a market area that is larger than their business location noted below. Prospective homebuyers interested in becoming better educated about the homebuying process should contact these organizations for their schedule of classes.

<i>Name</i>	<i>Location</i>	<i>Contact</i>	<i>Telephone</i>
HOUSING CORP OF ARLINGTON	ARLINGTON	MARGARET GEBHARD	617-729-0038
DUDLEY ST. INITIATIVE	BOSTON	HERBERT RIGGS	617-442-9670
HARDING & HARDING	BOSTON	BEVERLY CUMMINGS	617-436-6362
HOMEBASE	BOSTON	DOREEN TREACY	617-635-3582
MASSACHUSETTS AFFORDABLE HOUSING ALLIANCE	BOSTON	THOMAS CALLAHAN	617-728-9100
METROPOLITAN BOSTON HOUSING PARTNERSHIP	BOSTON/ REVERE	KEVIN DONAHER	617-859-0400
UNITED NEIGHBORHOOD ASSISTANCE CORPORATION	BOSTON	PENELOPE PELTON	617-267-1144
BROCKTON INTERFAITH COMMUNITY	BROCKTON	SCOTT SPENCER	508-587-9550
CITY OF CAMBRIDGE	CAMBRIDGE	MICHAEL ROSENBERG	617-349-4600
MASS HOMEBUYERS CLUB	CAMBRIDGE	BILL WENDELL	617-876-7173
CHELSEA REVITALIZATION INITIATIVE/ RESTORATION CORP.	CHELSEA	HELEN ZUCCO	617-889-2277
DANVERS HOUSING ASSISTANCE TRUST	DANVERS	KEITH RATNER	508-777-0001
DORCHESTER CENTER FOR ADULT EDUCATION	DORCHESTER	SUSAN WORGAFNIK	617-282-5034



NEIGHBORHOOD OF AFFORDABLE HOUSING	EAST BOSTON	OMAR CHAVEZ	617-569-0649
FALL RIVER AFFORDABLE HOUSING CORPORATION	FALL RIVER	ROBERT LANORY	508-677-2220
SOUTH MIDDLESEX OPPORTUNITY COUNCIL FINANCIAL INFO CTR.	FRAMINGHAM	KIMBERLY WOLFF	508-872-4853
FRANKLIN COUNTY REGIONAL HOUSING AUTHORITY	FRANKLIN COUNTY	DONNA COTE	413-863-9781
FIRST TIME HOMEBUYERS ASSOC. HOUSING ASSISTANCE CORP.	HAVERHILL HYANNIS	PAT HAMILTON NANCY DAVISON	508-374-9030 508-771-5400
SOUTH SHORE HOUSING DEV. CORP.	KINGSTON	ED SOENEL	617-585-3885
MERRIMACK VALLEY HOUSING PARTNERSHIP	LOWELL	JAMES L. WILDE	508-459-8490
COMMUNITY TEAMWORK, INC.	LOWELL	JAMES L. CANAVAN, JR.	508-459-0551
LYNN COMMUNITY DEVELOPMENT HOUSING CORP.	LYNN	JANSI CHANDLER	617-598-4000 x325
NEW BEDFORD OFFICE OF HOUSING AND COMM. DEV.	NEW BEDFORD	PATRICK J. SULLIVAN	508-979-1500
NORWELL HOUSING AUTHORITY	NORWELL	DONNA KILLEEN	617-659-7690
PLYMOUTH REDEVELOPMENT AUTHORITY	PLYMOUTH	AL BATTISTA	508-830-4115
COMMUNITY ACTION PROGRAMS	QUINCY	ROSEMARY WAHLBERG	617/479-8181
SOMERVILLE OFFICE OF HOUSING AND COMMUNITY DEV.	SOMERVILLE	JOHN WOODS	617-625-6600 EXT:2565
HOUSING ALLOWANCE PROJECT, INC.	SPRINGFIELD	PETER GAGLIARDI	413-785-1251
SPRINGFIELD REDEVELOPMENT AUTHORITY	SPRINGFIELD	BREDA GARVEY	413-787-6500
RURAL HOUSING IMPROVEMENT TOWN OF WEYMOUTH	WINCHENOON WEYMOUTH	ANITA BALTERZEN JOHN PARNABY	508-297-1376 617-335-2000
HOUSING INFORMATION CENTER, INC	WORCESTER	MARIBETH PERRY	508-757-2150
WORCESTER HOUSING PARTNERSHIP	WORCESTER	PATRICIA BYRNES	508-799-0322



# NEIGHBORHOOD REHABILITATION PROGRAM

## MAINTAINING AND REVITALIZING OUR COMMUNITIES



If you want to buy a house that is in need of repair, or you already own one that requires substantial renovation, you may be eligible to receive a low-interest loan from the Massachusetts Housing Finance Agency (MHFA). As part of its effort to preserve and revitalize Massachusetts communities, the MHFA, in cooperation with the Executive Office of Communities and Development (EOCD), has developed the Neighborhood Rehabilitation Program.

Two forms of fixed-rate financing are available through this program. The first is mortgage financing for buyers of homes needing repair in targeted neighborhoods. A second form of financing, known as "Qualified Rehabilitation," is available for existing homeowners who need to make major home improvements, in excess of \$15,000.

The MHFA offers long-term, fixed-rate mortgage financing with both the Neighborhood Rehabilitation and Qualified Rehabilitation Programs. Downpayments of only five percent are required to purchase property and flexible underwriting guidelines are offered.

MHFA financing under the Neighborhood Rehabilitation Program is distributed in cooperation with local housing and community development groups across Massachusetts.

## LOANS TO BUY AND REHABILITATE A HOME

To secure a mortgage to purchase and rehabilitate a home, you must buy a house in need of repair in a locally designated neighborhood. Your downpayment and mortgage loan will cover the cost of the home plus the cost of rehabilitation. The cost of repairs and the price of the house, combined, must fall within the MHFA's Acquisition Cost Limits. While basic eligibility guidelines are discussed below, interested homeowners should contact a local rehabilitation agency (see list on last page) for complete details.

### General Eligibility Guidelines

To qualify for a mortgage to buy and rehabilitate a home, you must meet the following guidelines:

### BENEFITS OF THE NEIGHBORHOOD REHABILITATION PROGRAM

For persons who want to buy and rehabilitate a home:

- financing to pay for a house and necessary repairs
- long-term, fixed-rate mortgage financing
- a low 5% downpayment requirement
- help with loan application and repair work

For homeowners who want to make extensive improvements:

- financing for extensive home improvements
- long-term, fixed-rate mortgage financing
- in some cases, the ability to include closing costs in the loan
- help with loan application and repair work

These "rehabilitation agencies" will assist you in determining your eligibility, in securing your loan, and in assessing and completing needed renovation. In many cases, the rehabilitation agencies make available local resources to further reduce the costs of homeownership for low- and moderate-income households.

### 1. Except in federally-targeted areas, you must be a first-time homebuyer.

A first-time homebuyer is defined as someone who has not had an ownership interest in a principal residence in the past three years. Federally-targeted areas in which you do not have to be a first-time buyer are Boston, Chelsea, Everett, Fall River, Lawrence, Lynn, North Adams and Somerville.

If you're not a first-time buyer purchasing a home in one of these communities, you must sell your present home and use some of the proceeds from that sale to buy the home you are financing with the MHFA mortgage loan. Under any circumstances, you must occupy as your principal residence the home purchased with the MHFA mortgage for as long as you have that mortgage.





- 2. You must be income eligible.** MHFA's income limits (see chart on page 6) are based on federal law and vary depending upon the geographic area in which you are buying a home.

Income eligibility is determined by Gross Annual Household Income. The Gross Annual Household Income is defined as your aggregate annual gross income and that of all other people living in or expecting to live in the residence being purchased and which you will be occupying from the time of the loan closing. The income of all children 18 years of age or under (or 21 years, if they are full-time students) is excluded from consideration.

To calculate annual gross income, multiply gross monthly income by 12. Gross monthly income is the sum of monthly gross pay plus income from all other sources, including but not limited to any of the following: other earnings, overtime, part-time employment, bonuses, dividends, interest, annuities, pensions, Veterans Administration (VA) compensation, gross rental or lease income, commissions, deferred income, welfare payments, social security benefits, disability payments and alimony, support payments, public assistance, sick pay, unemployment compensation, and income received from trusts, from business activities and investments.

- 3. You must buy a one- to four-family house that is located in an area targeted for revitalization by a local rehabilitation agency.** Consult your local rehabilitation agency to make sure that the property you have selected is located in an area that qualifies you to receive financing.

Below are the minimum dollar amounts of renovation permitted. They are based on the number of units in the property.

Single Family	\$3,000 or 10% of the loan amount, whichever is less
Two Family	\$4,000 or 10% of the loan amount, whichever is less
Three Family	\$5,000 or 10% of the loan amount, whichever is less
Four Family	\$6,000 or 10% of the loan amount, whichever is less

- 4. The acquisition cost of the home you buy must not exceed certain limits.** Home acquisition cost limits (see chart on page 6) are set in accordance with Federal Law and vary depending on the geographic area in

which you're buying and the type of home you're purchasing. Under this program, the acquisition cost is equal to the purchase price of the property plus the cost of rehabilitating it. This amount cannot exceed limits based on unit size and location of the property.

- 5. You must have a good credit record.** As part of the mortgage application review process, lenders will run a credit check on you, and then prepare a credit report. This report details your present financial condition and your history of meeting your monthly bill payments. For information on how you can obtain a copy of your credit record and for credit advice, contact the Consumer Credit Counseling Service at (617) 426-6644.
- 6. You also must have either an Accepted Offer to Purchase or an executed Purchase & Sale Agreement.**

■ An Accepted Offer to Purchase is a contract (signed by both the buyer and seller) which indicates the acceptance by the seller of a buyer's offer.

■ A signed Purchase & Sale Agreement is a more detailed version of the above contract.

Both contracts are binding subject to certain contingencies which can be included in the agreements.

*MHFA urges prospective borrowers to obtain professional advice prior to signing either of the above agreements. The Agency strongly advises that both of these documents contain a properly worded provision that makes the effectiveness of such an agreement contingent upon receipt of MHFA financing. MHFA also encourages borrowers to make such agreements contingent upon the receipt of a satisfactory property inspection report.*

- 7. You must meet certain underwriting limits.** Lenders will also look at two different ratios to see whether you meet the MHFA's underwriting limits. These ratios are described below. The chart at right can be used to calculate these ratios.

**Housing to Income Ratio:**

■ your total monthly housing expenses (principal, interest, property taxes, primary mortgage insurance, hazard insurance and condominium fees, if applicable) should



not exceed 30 percent of your stable gross monthly income.

#### Payment to Income Ratio:

■ your monthly housing expense plus payments on all other installment debts having a life of more than 10 months, should not exceed 36 percent of your stable gross monthly income. Rental income from a two- to four-family house that you are purchasing will be considered in your ability to meet monthly mortgage payments; it will not be considered in determining if you meet the income limits for a mortgage loan. (Use the charts on page 8 to calculate your credit ratios.)

#### How to Calculate Credit Ratios

To calculate your gross housing to income ratio, divide your total monthly housing expenses by your total monthly gross income. You can use the chart below.

HOUSING TO INCOME RATIO	
Monthly Stable Income (A)	Monthly Housing Expense (B)
your stable gross monthly income _____	mortgage payments (including principal and interest) _____
your stable monthly overtime/bonuses _____	monthly fire and hazard insurance _____
stable secondary monthly income _____	monthly real estate taxes _____
stable monthly dividend income _____	monthly primary mortgage insurance _____
	monthly homeowner's association fee _____
	(portion of condominium fee applicable to common areas)
Total (A) _____	Total (B) _____
	$B \div A =$ _____
	Housing to Income Ratio

*Housing expense (Total B) divided by monthly income (Total A) equals your housing to income ratio. This ratio should not exceed 30 percent.*

To calculate your payment to income ratio, add your total monthly housing expense (from Total B above) to your other monthly debt payments (include your monthly payments for all debts such as charge accounts, auto loans and educational loans, which have remaining terms of more than 10 payments) and then divide that number by your stable monthly income (Total A from above)

Use the chart below to calculate this ratio.

PAYMENT TO INCOME RATIO	
Total (B)	Credit Card Payments
Car Loan	
Car Loan	
Education Loan	Other Loan(s)
Education Loan	
	Total (C)
$C \div A =$	Payment to Income Ratio

Total monthly payments (Total C) divided by stable monthly income (Total A) equals the payment to income ratio. This ratio should not exceed 36 percent.

To qualify for a home mortgage from MHFA both of the ratios calculated above should not exceed the specified percentages.

#### Purchasers of 3-4 Unit Homes

As part of a larger effort to help buyers of multifamily homes handle the often complicated responsibilities of being a landlord, the MHFA requires homebuyer counseling for all purchasers of 3-4 unit properties. Buyers must complete training relating to 3-4 unit ownership and receive a certificate from an Agency-approved homebuyer counseling program, prior to loan closing. (See the MHFA's Homebuyer Counseling brochure for a list of approved agencies.)

#### Costs to the Homebuyer

In addition to the downpayment, you should expect to pay for certain mortgage application related expenses. You'll pay most of these expenses when the loan is closed.

These charges represent 4% - 5% of the mortgage amount and include mortgage application and attorney fees, title insurance, filing and recording fees, standard bank settlement costs, and a bank origination fee not to exceed two percent of the mortgage loan.

If your downpayment on the house is less than 25% of its appraised value or the acquisition cost (whichever amount is lower) of the property, your loan must be insured by a primary mortgage insurer.



The MHFA has created its own private mortgage insurance program: to assist qualified buyers. These programs make it easier for buyers to secure necessary coverage and require less cash from buyers at closing.

The MHFA requires lead paint abatement on the purchase of all 2–4 unit properties that are bank- or regulator-held. However, financing is available through the Agency's Lead Paint Abatement Program. (See the MHFA's "Get the Lead Out" brochure for details.)

## LOANS TO MAKE MAJOR HOME IMPROVEMENTS

### FEDERAL RECAPTURE PROVISIONS:

Under current federal law, homebuyers who sell their houses within nine years may have to buy back some or all of the savings they have received as a result of the lower interest rate mortgage provided through MHFA. The amount of recapture owed is determined using a formula which considers household size and income at the time of sale; the year the home is sold; and how much the property has appreciated.

If you own a home that is at least 20 years old and you need to refinance to pay for substantial amounts of renovation, a Qualified Rehabilitation Loan may be right for you. These loans, which generally begin at \$15,000, are offered to people who already own their homes, rather than to first-time homebuyers. Qualified Rehabilitation loans cover a range of major home improvements, from the insulation of walls and installation of windows, to the replacement of a kitchen or bath or plumbing system. (If you have a renovation project that costs less than \$15,000, see details regarding the MHFA's Home Improvement Loan Program, known as HILP.)

Low interest funds are targeted to owner-occupants of one- to four-family homes. No downpayment is required and, in some cases, you may be able to include your closing costs in the mortgage. These mortgages also are available through participating local rehabilitation agencies. These agencies will walk you through the entire mortgage application and home rehabilitation process, which includes helping you in identifying, estimating, contracting for and overseeing the required renovations.

### General Eligibility Guidelines

To secure a Qualified Rehabilitation Loan, you must satisfy many of the same requirements described earlier for purchase and rehabilitation loans. Complete eligibility guidelines for both programs should be obtained from the local rehabilitation agency. Basic requirements for a Qualified Rehabilitation Loan are as follows:

- 1. The property being rehabilitated must be a one- to four-family home, occupied by the owner and at least 20 years old.**
- 2. The borrower must occupy the home prior to the loan closing and must continue to occupy the home, as his/her primary residence, for the life of the MHFA mortgage.**
- 3. The borrower must meet MHFA income guidelines (see chart on page 6).**
- 4. The dollar amount of rehabilitation required must equal at least 25% of the owner's adjusted basis in the property, as of the date of completion of the rehabilitation.** Generally, "basis" represents the original cost of the home
- 5. Loans cannot be used to add rooms; create an apartment within an existing home; or add a room onto an existing home to create an apartment.** A local rehabilitation agency will provide more specific federal guidelines relating to external/internal walls and internal structural framework that must be maintained in the renovation process.
- 6. The minimum loan amount is \$15,000; the maximum loan amount cannot exceed 95% of the MHFA's acquisition cost limits or the appraised value of the property after rehabilitation, whichever is less.** In determining your eligibility, a local rehabilitation agency will help you complete worksheets to define the dollar amount of rehabilitation required and the loan limits you must meet to qualify.



## How John and Mary Williams Got Their Loan

John and Mary Williams purchased a 50-year-old, three-family home in Mattapan five years ago. The Williams occupy one of the units and rent the other two.

The Williams secured a Qualified Rehabilitation Loan of \$116,373. The loan included \$66,873 to pay off the Smith's original mortgage; \$3,000 for closing costs; and \$46,500 for major home improvements including:

- the replacement of all heating, electrical and plumbing systems, including fixtures;
- the patching or rebuilding of ceilings, walls, floors, steps and exterior porches to bring them in line with local building codes;
- the replacement of exterior doors and windows;

- the installation of new kitchen cabinets in all units;
- removing lead paint from the entire dwelling; and
- repainting the exterior of the house.

The Williams learned about Qualified Rehabilitation Loans through a local housing agency participating in the MHFA's Neighborhood Rehabilitation Program. The agency also helped the Williams in identifying and estimating improvements; getting bids from and selecting a contractor; completing documentation required by the MHFA and/or the participating lender processing the loan; and overseeing the renovation work and payments made to the contractor. This housing agency also helped structure the loan so it was affordable, given the Williams' income.

### WORKSHEETS

To calculate the dollar amount of rehabilitation required, as well as the loan limits they needed to meet, the Williams completed the worksheets below.

#### ADJUSTED BASIS AND REHABILITATION EXPENDITURE WORKSHEET

Borrower: John and Mary Williams  
 Property Address: 22 Main Street, Mattapan, MA  
 Local Rehabilitation Agency: Boston Housing Agency  
 Mortgage Lender: Boston Lending Institution

#### I. Calculation of basis on current residence.

##### A. Additions

- cost of home and land when originally purchased: \$64,873
- land (if acquired separately)
- other fees and charges including attorney's fees, real estate transfer taxes, appraisal fees, architects fee, and title insurance premiums: 2,000
- permanent improvements made in home since owning (describe): \_\_\_\_\_

- other (describe) \_\_\_\_\_

Subtotal: \$66,873

##### B. Subtractions

(describe)

Subtotal \$ 0

##### C. Basis on current residence

(subtract B from A)

\$66,873

#### II. Costs of planned rehabilitation

- Total cost of materials needed \$13,800  
(this information is detailed in a separate work write-up and agreement with contractor prepared by a participating local agency)
- Total cost of labor 32,200  
(excluding labor performed by borrower or family)
- Soft costs
  - Appraisal fees 150
  - Attorney fees 150
  - Architectural fees —
  - Title Insurance Premium 200
- Other costs reasonably related to rehabilitation (describe) \_\_\_\_\_

Total planned rehabilitation expenditures \$46,500

#### III. Adjusted basis calculation

- Current basis plus total rehabilitation expenditures (I & II) \$113,373

#### IV. Minimum rehabilitation calculation

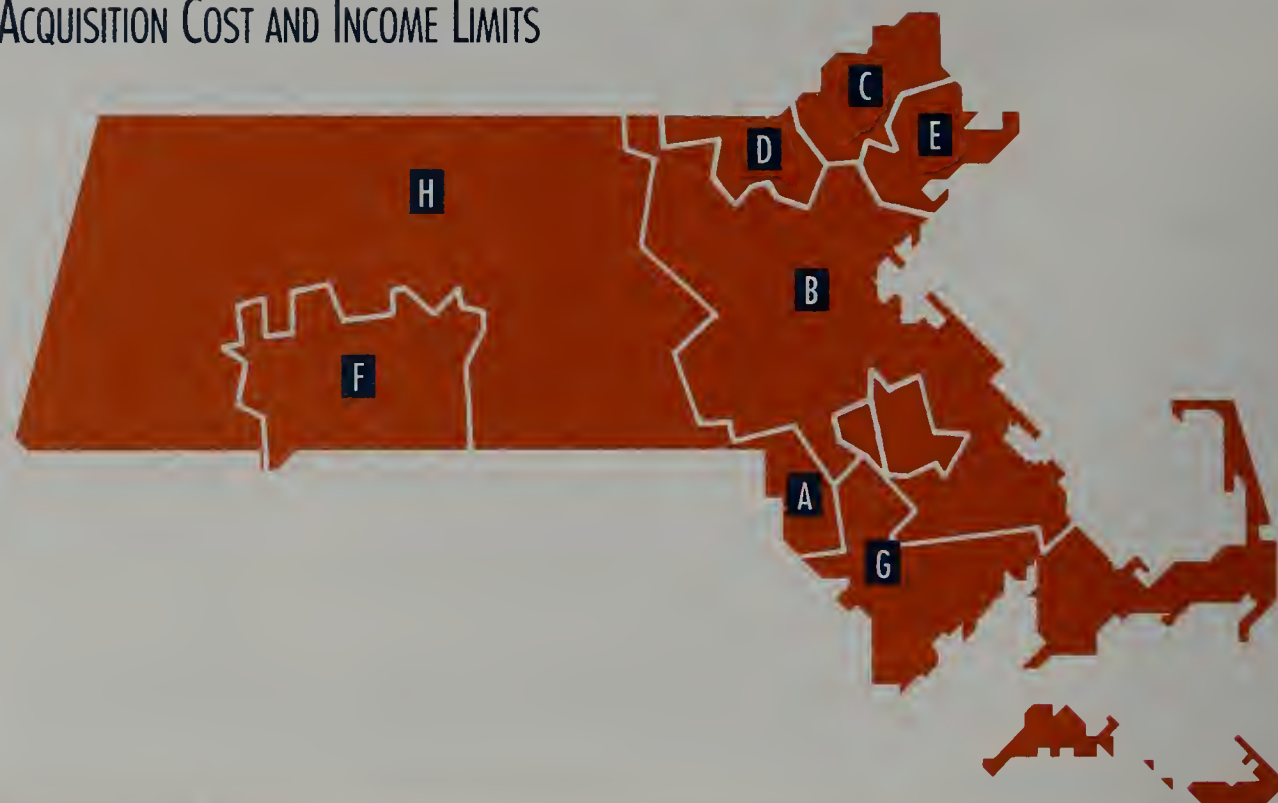
- Total rehabilitation expenditures (II) \$ 46,500
- Adjusted basis (III) \$113,373  
(must be at least 25%) = 41%

#### Calculation of Loan Amount

1. First mortgage outstanding balance \$ 66,873
2. Closing costs not included in rehabilitation expenditures 3,000
3. Total of lines 1 and 2 (enter on line 7b of loan processing worksheet) 69,873
4. Total rehabilitation expenditures 46,500  
(enter on line 7c of loan processing worksheet)
5. Total loan amount (sum of lines 3 and 4 — enter on line 3a of loan processing worksheet. \$116,373\*

The total loan amount may not be less than \$15,000 and may not exceed 95% of the applicable MHFA acquisition cost limit or the after rehabilitation appraised value of the property, whichever is less.

## ACQUISITION COST AND INCOME LIMITS



Refer to the map shown here to determine which market area the home you are buying is located in. The letters in the map correspond to the letters next to the market areas listed in the chart. If you are unsure about which market area you are buying in, refer to the alphabetical list of communities on page 7. The letter to the right of the community will correspond with the letter identifying the market area on the chart.

MARKET AREA	COMMUNITIES WITHIN AREA	FIXED RATES		TYPES OF CONSTRUCTION & MAXIMUM PURCHASE PRICE			
		1-2 PERSONS	3 OR MORE				
<b>A. ATTLEBORO MARKET AREA</b>	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW	\$143,000	2 FAMILY EXISTING	\$132,000
				SINGLE FAMILY EXISTING	\$117,000	3 FAMILY EXISTING	\$160,000
						4 FAMILY EXISTING	\$186,000
<b>B. BOSTON MARKET AREA</b>	BOSTON, CAMBRIDGE, CHELSEA, EVERETT, LYNN, SOMERVILLE	\$50,000	\$57,000	SINGLE FAMILY NEW	\$165,000	2 FAMILY EXISTING	\$181,000
				SINGLE FAMILY EXISTING	\$161,000	3 FAMILY EXISTING	\$219,000
						4 FAMILY EXISTING	\$255,000
<b>C. LAWRENCE/HAVERHILL MARKET AREA</b>	LAWRENCE	\$47,000	\$54,000	SINGLE FAMILY NEW	\$160,000	2 FAMILY EXISTING	\$164,000
				SINGLE FAMILY EXISTING	\$146,000	3 FAMILY EXISTING	\$199,000
						4 FAMILY EXISTING	\$231,000
<b>D. LOWELL MARKET AREA</b>	ALL OTHER COMMUNITIES	\$47,000	\$54,000	SINGLE FAMILY NEW	\$150,000	2 FAMILY EXISTING	\$134,000
				SINGLE FAMILY EXISTING	\$119,000	3 FAMILY EXISTING	\$162,000
						4 FAMILY EXISTING	\$188,000
<b>E. SALEM/GLOUCESTER MARKET AREA</b>	ALL	\$49,000	\$57,000	SINGLE FAMILY NEW	\$131,000	2 FAMILY EXISTING	\$125,000
				SINGLE FAMILY EXISTING	\$111,000	3 FAMILY EXISTING	\$151,000
						4 FAMILY EXISTING	\$176,000
<b>F. SPRINGFIELD MARKET AREA</b>	ALL	\$46,000	\$52,000	SINGLE FAMILY NEW	\$131,000	2 FAMILY EXISTING	\$125,000
				SINGLE FAMILY EXISTING	\$111,000	3 FAMILY EXISTING	\$151,000
						4 FAMILY EXISTING	\$176,000
<b>G. FALL RIVER MARKET AREA</b>	FALL RIVER	\$46,000	\$52,000	SINGLE FAMILY NEW	\$143,000	2 FAMILY EXISTING	\$157,000
				SINGLE FAMILY EXISTING	\$140,000	3 FAMILY EXISTING	\$190,000
						4 FAMILY EXISTING	\$222,000
<b>H. BALANCE OF STATE MARKET AREA</b>	SOMERSET, SWANSEA, SWANSEA WESTPORT	\$46,000	\$52,000	SINGLE FAMILY NEW	\$117,000	2 FAMILY EXISTING	\$129,000
				SINGLE FAMILY EXISTING	\$114,000	3 FAMILY EXISTING	\$156,000
						4 FAMILY EXISTING	\$181,000
<b>H. BALANCE OF STATE MARKET AREA</b>	NORTH ADAMS	\$46,000	\$52,000	SINGLE FAMILY NEW	\$145,000	2 FAMILY EXISTING	\$153,000
				SINGLE FAMILY EXISTING	\$136,000	3 FAMILY EXISTING	\$185,000
						4 FAMILY EXISTING	\$215,000
<b>H. BALANCE OF STATE MARKET AREA</b>	ALL OTHER COMMUNITIES	\$46,000	\$52,000	SINGLE FAMILY NEW	\$131,000	2 FAMILY EXISTING	\$125,000
				SINGLE FAMILY EXISTING	\$111,000	3 FAMILY EXISTING	\$151,000
						4 FAMILY EXISTING	\$176,000



ABINGTON	H	CAMBRIDGE	B	HADLEY	H	MILFORD	B	RANDOLPH	B	WAKEFIELD	B
ACTON	B	CANTON	B	HALIFAX	H	MILLBURY	H	RAYNHAM	B	WALES	H
ACUSHNET	H	CARLISLE	B	HAMILTON	E	MILLIS	B	READING	B	WALPOLE	B
ADAMS	H	CARVER	B	HAMPDEN	F	MILLVILLE	A	REHOBOTH	A	WALTHAM	B
AGAWAM	F	CHARLEMONT	H	HANCOCK	H	MILTON	B	REVERE	B	WARE	H
ALFORD	H	CHARLTON	H	HANOVER	B	MONROE	H	RICHMOND	H	WAREHAM	H
AMESBURY	C	CHATHAM	H	HANSON	B	MONSON	F	ROCHESTER	H	WARREN	H
AMHERST	H	CHELMSFORD	D	HARDWICK	H	MONTAGUE	H	ROCKLAND	B	WARWICK	H
ANDOVER	C	CHELSEA	B	HARVARD	B	MONTEREY	H	ROCKPORT	E	WASHINGTON	H
ARLINGTON	B	CHESHIRE	H	HARWICH	H	MONTGOMERY	F	ROWE	H	WATERTOWN	B
ASHBURNHAM	H	CHESTER	H	HATFIELD	H	Mt. WASHINGTON	H	ROWLEY	E	WAYLAND	B
ASHBY	H	CHESTERFIELD	H	HAVERHILL	C			ROYALSTON	H	WEBSTER	H
ASHFIELD	H	CHICOPEE	F	HAWLEY	H	NAHANT	B	RUSSELL	F	WELLESLEY	B
ASHLAND	B	CHILMARK	H	HEATH	H	NANTUCKET	H	RUTLAND	H	WELLFLEET	G
ATHOL	H	CLARKSBURG	H	HINGHAM	B	NATICK	B			WENDELL	H
ATTLEBORO	A	CLINTON	H	HINSDALE	H	NEEDHAM	B	SALEM	E	WENHAM	E
AUBURN	H	COHASSET	B	HOLBROOK	B	NEW ASHFORD	H	SALISBURY	C	WEST BOYLSTON	H
AVON	H	COLRAIN	H	HOLDEN	H	NEW BEDFORD	H	SANDSFIELD	H	WEST BRIDGEWATER	H
AYER	B	CONCORD	B	HOLLAND	H	NEW BRAINTREE	H	SANDWICH	H	WEST BROOKFIELD	H
		CONWAY	H	HOLLISTON	B	NEW MARLBOROUGH	H	SAUGUS	B	WEST NEWBURY	C
BARNSTABLE	H	CUMMINGTON	H	HOLYOKE	F	NEW SALEM	H	SAVOY	H	WEST SPRINGFIELD	F
BARRE	H			HOPEDALE	B	NEWBURY	C	SCITUATE	B	WEST STOCKBRIDGE	H
BECKET	H	DALTON	H	HOPKINTON	B	NEWBURYPORT	C	SEEKONK	A	WEST TISBURY	H
BEDFORD	B	DANVERS	E	HUBBARDSTON	H	NEWTON	B	SHARON	B	WESTBOROUGH	H
BELCHERTOWN	F	DARTMOUTH	H	HUDSON	B	NORFOLK	B	SHEFFIELD	H	WESTFIELD	F
BELLINGHAM	B	DEDHAM	B	HULL	B	NORTH ADAMS	H	SHELburne	H	WESTFORD	D
BELMONT	B	DEERFIELD	H	HUNTINGTON	F	NORTH ANDOVER	C	SHERBORNE	B	WESTHAMPTON	H
BERKLEY	H	DENNIS	H			NORTH ATTLEBORO	A	SHIRLEY	B	WESTMINSTER	H
BERLIN	B	DIGHTON	H	IPSWICH	E	NORTH BROOKFIELD	H	SHREWSBURY	H	WESTON	B
BERNARDSTON	H	DOUGLAS	H			NORTH READING	B	SHUTESBURY	H	WESTPORT	G
BEVERLY	E	DOVER	B	KINGSTON	B	NORTHAMPTON	F	SOMERSET	G	WESTWOOD	B
BILLERICA	D	DRACUT	D			NORTHBOROUGH	H	SOMERVILLE	B	WEYMOUTH	B
BLACKSTONE	A	DUDLEY	H	LAKEVILLE	B	NORTHBRIDGE	H	SOUTH HADLEY	F	WHATELY	H
BLANDFORD	H	DUNSTABLE	D	LANCASTER	B	NORTHFIELD	H	SOUTHAMPTON	F	WHITMAN	H
BOLTON	B	DUXBURY	B	LANESBOROUGH	H	NORTON	B	SOUTHBOROUGH	B	WILBRAHAM	F
BOSTON	B			LAWRENCE	C	NORWELL	B	SOUTHBRIDGE	H	WILLIAMSBURG	H
BOURNE	H	EAST BRIDGEWATER	H	LEE	H	NORWOOD	B	SOUTHWICK	F	WILLIAMSTOWN	H
BOXBOROUGH	B	EAST BROOKFIELD	H	LEICESTER	H			SPENCER	H	WILMINGTON	B
BOXFORD	C	EAST LONGMEADOW	F	LENEX	H	OAK BLUFFS	H	SPRINGFIELD	F	WINCHENDON	H
BOYLSTON	H	EASTHAM	H	LEOMINSTER	H	OAKHAM	H	STERLING	H	WINCHESTER	B
BRAINTREE	B	EASTHAMPTON	F	LEVERETT	H	ORANGE	H	STOCKBRIDGE	H	WINDSOR	H
BRIDGEWATER	H	EASTON	H	LEXINGTON	B	ORLEANS	H	STONEHAM	B	WINTHROP	B
BRIMFIELD	H	EDGARTOWN	H	LEYDEN	H	OTIS	H	STOUGHTON	B	WOBURN	B
BROCKTON	H	EGREMONT	H	LINCOLN	B	OXFORD	H	STOW	B	WORCESTER	H
BREWSTER	H	ERVING	H	LITTLETON	B			STURBRIDGE	H	WORTHINGTON	H
BROOKFIELD	H	ESSEX	E	LONGMEADOW	F	PALMER	F	SUDBURY	B	WRENTHAM	B
BROOKLINE	B	EVERETT	B	LOWELL	D	PAXTON	H	SUNDERLAND	H		
BUCKLAND	H			LUDLOW	F	PEABODY	E	SUTTON	H	YARMOUTH	H
BURLINGTON	B	FAIRHAVEN	H	LUNENBERG	H	PELHAM	H	SWAMPSCOTT	E		
		FALL RIVER	G	LYNN	B	PEMBROKE	B	SWANSEA	G		
		FALMOUTH	H	LYNNFIELD	B	PEPPERELL	D				
		FITCHBURG	H			PERU	H	TAUNTON	H		
		FLORIDA	H	MALDEN	B	PETERSHAM	H	TEMPLETON	H		
		FOXBOROUGH	B	MANCHESTER	E	PHILLIPSTON	H	TEWKSBURY	D		
		FRAMINGHAM	B	MANSFIELD	B	PITTSFIELD	H	TISBURY	H		
		FRANKLIN	B	MARBLEHEAD	E	PLAINFIELD	H	TOLLAND	H		
		FREETOWN	H	MARION	H	PLAINVILLE	A	TOPSFIELD	E		
				MARLBOROUGH	B	PLYMOUTH	B	TOWNSEND	B		
		GARDNER	H	MARSHFIELD	B	PLYMPTON	B	TRURO	H		
		GAY HEAD	H	MASHPEE	H	PRINCETON	H	TYNGSBOROUGH	D		
		GEORGETOWN	C	MATTAPOISETT	H	PROVINCETOWN	H	TYRINGHAM	H		
		GILL	H	MAYNARD	B						
		GLOUCESTER	E	MEDFIELD	B	QUINCY	B	UPTON	B		
		GOSHEN	H	MEDFORD	B			UXBRIDGE	H		
		GOSNOLD	H	MEDWAY	B						
		GRAFTON	H	MELROSE	B						
		GRANBY	F	MENDON	B						
		GRANVILLE	H	MERRIMAC	C						
		GREAT BARRINGTON	H	METHUEN	C						
		GREENFIELD	H	MIDDLEBOROUGH	B						
		GROTON	B	MIDDLEFIELD	H						
		GROVELAND	C	MIDDLETON	E						

MASSACHUSETTS HOUSING FINANCE AGENCY  
50 MILK STREET  
BOSTON, MA 02109  
(617) 451-2766  
TDD (617) 451-3650  
FAX (617) 451-3835

### **Neighborhood Rehabilitation Agencies**

**Adams** Town of Adams  
Joan Haddad  
(413) 743-8317

**Attleboro** Community  
Development  
William Spaner  
(508) 226-5716

**Boston** Neighborhood Housing  
Services  
Eileen Marsan  
(617) 720-2654

N.O.A.H.  
Paula Herrington  
(617) 567-5882

**Braintree** Fair Housing  
Akpanolus Ettah  
(617) 848-1870

Just-A-Start  
Joe Youngworth  
(617) 494-0444

**Chicopee** Community Development  
John Valley  
(413) 594-4711 ext. 283

**Framingham** Planning Department  
Arthur T. Noonan  
(508) 620-4852

**Fitchburg** Planning Office  
Larry Casassa  
(508) 345-1018

**Holbrook** Community  
Development  
Robert A. Colburn  
(617) 767-0618

**Lowell** Division of Planning  
& Development  
John Meehan  
(508) 970-4293

**Lynn** Community Development  
Alden Drake  
(617) 598-4000

**Malden** Redevelopment Authority  
Ron Grasso  
(617) 324-5720

**Melrose** Planning & Community  
Development  
Jeffrey Luxenberg  
(617) 665-5490

**Milford** Town of Milford  
Martha White  
(508) 634-2317

**New Bedford** Office of Housing  
& Neighborhood Development  
Patrick Sullivan  
(508) 979-1500

**Newton** Housing Rehab Fund  
Michael Duff  
(617) 552-7140

**North Adams** Community  
Development  
Michael Nuvalle  
(413) 662-3025

**Palmer** Community Development  
Lawrence B. Smith  
(413) 283-2614

**Pittsfield** Redevelopment Authority  
Bonnie C. Connor  
(413) 499-9366

**Plymouth** Redevelopment  
Authority  
Al Battista  
(508) 830-4115

**Quincy** Office of Housing  
Rehabilitation  
Peter MacPherson  
(617) 376-1050

**Revere** Planning & Development  
Mark P. Signore  
(617) 286-8187

**Salem** Planning Department  
William E. Luster  
(508) 745-9595 ext. 311

**Salisbury** Housing Authority  
Scott Marcelais  
(508) 462-8600

**Somerville** Office of Housing  
& Community Development  
John J. Woods  
(617) 625-6600 ext. 2565

**Springfield** Redevelopment  
Authority  
Patrick J. Mahaney  
(413) 787-6521

**Taunton** Planning & Economic  
Development  
Louis Martin  
(508) 821-1030

**Wareham** Community Development  
Authority  
Constantine Yankopoulos  
(508) 291-3170

**West Springfield** Community  
Development  
Joseph LaPlante  
(413) 263-3045

**Weymouth** Planning & Community  
Development  
John Parnaby  
(617) 335-2000 ext. 330

### **Regionals**

#### **Berkshire County**

Construct, Inc.  
Cara Davis  
(413) 528-1985  
(All of Berkshire County except  
Adams, North Adams, Pittsfield)

#### **Bristol/Plymouth Counties**

Fall River Affordable Housing  
Robert Landry  
(508) 677-2220  
(Swansea, Somerset, Westport)  
South Shore Housing  
Ed Soehnel  
(617) 585-3885

#### **Essex County**

Turning Point, Inc.  
Geraldine Dorr  
(508) 462-8251  
Town of Amesbury  
Scott Wiegardt  
(508) 388-8110  
(Amesbury, Merrimac)

#### **Franklin County**

Franklin County Regional Authority  
Donna M. Cote  
(413) 863-9781

#### **Hampshire/Hampden Counties**

Housing Allowance Project  
Mary Desautelle  
(413) 785-1251

#### **Middlesex/Worcester Counties**

Blackstone/Milville Community  
Development  
Peter Sanborn  
(508) 883-7895  
Montachusett Regional Planning  
Laila J. Michaud  
(508) 345-7376  
Rural Housing Improvement  
Andrew Howarth  
(508) 297-1376



EQUAL HOUSING  
OPPORTUNITY



5%  
INTEREST RATE

# HOME IMPROVEMENT LOAN PROGRAM

## HELPING HOMEOWNERS CARE FOR THEIR PROPERTY



Since its beginning, more than 1,000 low- and moderate-income homeowners have been assisted by the Home Improvement Loan Program (HILP) offered by the Massachusetts Housing Finance Agency (MHFA), in cooperation with the Executive Office of Communities and Development (EOCD). Through the program, eligible homeowners can secure loans of up to \$15,000 – at the fixed interest rate of 5% (5.63% APR\*) – to make needed improvements to their homes. Improvements can range from the repair of code violations to the replacement of a roof or a boiler. Half of the available funds are reserved for elderly homeowners or for households who need to make their homes accessible to a disabled family member. This includes “those persons with a physical or mental disability that substantially limits one or more of a person’s major life activities – including, but not limited to, caring for one’s self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working.”\*\*

HILP loans are available for one- to four-unit owner-occupied homes and are available only through local participating rehabilitation agencies (see list on page 3). The local rehabilitation agencies will assist the borrower in virtually every step of the loan application and home improvement process.

### Financing Terms

Under HILP, loans are available at the fixed interest rate of 5% (5.63% APR\*). The minimum loan amount is \$2,500 and the maximum is \$15,000, although most loans are likely to be about \$12,000. The minimum loan amount may be waived if the primary purpose of the loan is for weather-

ization or accessibility-related improvements. Loan terms range from six months to 15 years and are adjusted to accommodate the borrower’s monthly expenses and overall debt service. In most cases, longer terms are approved for larger loan amounts, as follows:

LOAN AMOUNT	TERM
\$ 2,500 – \$ 5,000	5 years
5,000 – 10,000	10 years
10,000 – 15,000	15 years

### Role of Local Housing Agencies

HILP loans are initiated statewide only through MHFA-designated, participating rehabilitation agencies which will:

1. offer borrower financial counseling and determine eligibility;
2. inspect property to be improved to identify work required and the cost of that work;
3. assist borrower in locating/interviewing contractors;
4. direct borrower to a participating lender;
5. establish an escrow account for home improvement loan funds, monitor construction, and authorize the withdrawal of funds as work progresses; and,
6. inspect property upon completion of improvements and certify work has been done in accordance with specifications.



A SERVICE OF THE EXECUTIVE  
OFFICE OF COMMUNITIES AND  
DEVELOPMENT AND MASSACHUSETTS  
HOUSING FINANCE AGENCY



### REMINDER

Work carefully with your local rehabilitation agency in selection of a reputable, qualified contractor, to help insure the success of your home improvement project.

## General Income Guidelines

In order to qualify for HILP financing, borrowers must have a good credit record, stable income and less than 50 percent of net monthly income committed as debt (including, but not limited to mortgage payments, property taxes, insurance, revolving charge accounts and other loans). Borrowers also must meet the following income guidelines:

	ONE PERSON HOUSEHOLD	TWO OR MORE PERSON HOUSEHOLD
Boston Area	\$38,000	\$43,000
Lawrence-Haverhill Area	\$38,000	\$40,200
Lowell Area	\$38,000	\$42,400
Salem-Gloucester Area	\$38,000	\$43,700
Balance of State	\$38,000	\$39,600

## Eligible Properties

To qualify for HILP financing, the property being improved must be a one- to four-family home, occupied by the borrower as a principal residence.

No more than 15 percent of the property may be used for business purposes.

A single family home must have been completed and occupied for more than 90 days prior to the date of the loan application and a two- to four-family dwelling must have been used for residential purposes for at least five years prior to the date on which the loan is closed.

## Types of Improvements Homeowners Can Make

HILP loans may be used for the following purposes:

1. to enhance basic living conditions, or safety or energy efficiency, by adding, altering renovating or repairing a home;
2. to make a dwelling fully accessible for household members who have a permanent physical disability, by building a ramp or wheel-in-shower or by widening doors;
3. to bring a home up to standards required by state or local building codes, by repairing such items as wiring, broken pipes, broken steps, a faulty heating system or leaky roof;
4. to install approved solar domestic, hot water heaters and solar space heating systems; and,
5. to install wood burning furnaces, which are attached to existing duct work and provide central heating for the entire structure.

Loans may not be used for improvements to out-buildings or commercial or mixed-use buildings, for fireplaces or woodburning stoves, or for recreational or entertainment facilities.

For major home improvements, in excess of \$15,000, ask about the MHFA's Qualified Rehabilitation Program. For information regarding financing for lead paint abatement, ask about the MHFA's Get the Lead Out Program.

### \*APR (Annual Percentage Rate)

Lenders are required to provide consumers with information as to the total cost and effective interest rate, or Annual Percentage Rate, associated with a loan. For the 5% HILP loan, the APR is 5.63%, which may be higher or lower than noted, based on the lender's calculations. Under the MHFA's HILP program, the APR is determined by the loan contract (note) interest rate of 5% and the fee charged to the borrower by a local rehabilitation agency.

The local rehabilitation agency fee will be 4% of the amount of the loan. The maximum fee is \$600 and the minimum fee is \$200. The APR will vary depending on the amount and term of the HILP loan and the fee charged by the local rehabilitation agency. Generally, the APR will increase as the amount/term of the loan decreases.

An example of the APR for the maximum loan of \$15,000 for the HILP program follows: a 5.0% loan for 15 years in the amount of \$15,000 with a monthly payment of \$118.62 and a 4% fee of \$600 will have an APR of 5.63%.

\*\*Disability definition from the Office of Handicapped Affairs.



## Costs to the Borrower

When applying for a HILP loan, borrowers will be charged a fee of 4% of the loan amount by the local rehabilitation agency. The minimum fee is \$200 and the maximum fee is \$600. This fee can be included in the loan amount. Borrowers also should be prepared to pay title examination charges, recording and filing fees. Although these fees vary from lender to lender, they should not exceed \$300.

### Local Rehabilitation Agencies (LRA)

**Adams** Town of Adams  
Joan Haddad  
(413) 743-7646

**Amesbury** Town of Amesbury  
Timothy Haskell  
(508) 388-8110

**Arlington** Home Rehabilitation  
Winifred Fitzgerald  
(617) 646-1000

**Attleboro** Town of Attleboro  
William Spaner  
(508) 226-5116

**Boston** ESAC  
Norma Moseley  
(617) 524-4820

Neighborhood Housing Services  
Eileen C. Marsan  
(617) 720-2654

Public Facilities Department  
Amanda Roe  
(617) 635-0261

**Brockton\*** Self Help  
Frances Drew  
(508) 588-5440

**Brookline** Housing Rehab.  
Bruce Genest  
(617) 730-2090

**Cambridge** Homeowners Rehab Inc.  
Jane Gronholm  
(617) 868-4858

Just-A-Start  
Beatrice Phear  
(617) 494-0444

**Chelsea** City of Chelsea  
Leo Quigley  
(617) 889-0700

**Fall River\*** Affordable Housing  
Robert N. Landry  
(508) 677-2220

**Framingham** Planning Department  
Arthur Noonan  
(508) 620-4852

**Gloucester** City of Gloucester  
George DeLuca  
(508) 281-9781

**Holbrook** Town of Holbrook  
Robert Colburn  
(617) 767-0618

**Kingston\*** South Shore Housing  
Robert Goguen  
(617) 585-3885

**Lawrence** City of Lawrence  
Anthony Cuzzo  
(508) 794-5891

**Lynn** City of Lynn  
Alden Drake  
(617) 598-4000

**Malden** Redevelopment Authority  
Ronald Grasso  
(617) 324-5720

**Marlborough** Community Res.  
John Ghiloni  
(508) 460-3715

**Methuen** Town of Methuen  
Rina Petit  
(508) 794-3231

**Milford** Town of Milford  
Martha White  
(508) 634-2317

**New Bedford** City of New Bedford  
Antone Souza, Jr.  
(508) 979-1500

**Newton** Newton Rehab.  
Michael Duff  
(617) 552-7140

**North Adams** Town of North Adams  
Michael Nuvallie  
(413) 662-3025

**Palmer** Town of Palmer  
Lawrence Smith  
(413) 283-2614

**Pittsfield\*** Berkshire Housing  
Tom Webb  
(413) 442-6994

**Plymouth\*** Redevelopment  
Authority  
John Droege  
(508) 830-4115

**Revere** City of Revere  
Mark P. Signore  
(617) 284-3600

**Salem/Marblehead** City of Salem  
Margaret Dowd  
(508) 745-9595

**Salisbury** Housing Authority  
Scott Marcelais  
(508) 462-8600

**Southbridge** Town Hall  
Debbie Oppermann  
(508) 764-5402

**Springfield\*** Housing Allowance  
Project  
Thomas Kegelman  
(413) 785-1251

(Continued on page 4)

\*Rehabilitation Agencies that serve more than one city or town.

Springfield Redevelopment Authority  
Breda Garvey  
(413) 787-6518

**Stoneham** Community Service  
Network  
Grace M. McManus  
(617) 438-1977

**Taunton** City of Taunton  
Louis Martin  
(508) 821-1030

**Turners Falls\*** Franklin City  
Regional  
Donna M. Cote  
(413) 863-9781

**Ware** Town of Ware  
Susan Rutherford  
(413) 967-7136

**Wareham** Town of Wareham  
Constantine Yankopoulos  
(508) 291-3170

**Watertown** Town of Watertown  
Laura Wiener  
(617) 972-6417

**Westwood** Town of Westwood  
Lois Breese  
(617) 326-6450

**Weymouth** Town of Weymouth  
John Parnaby  
(617) 335-2000

**Whitinsville** Town of Whitinsville  
M. J. Adams  
(508) 234-4756

**Winchendon\*** Rural Housing  
Improvement  
Joan Hulse  
(508) 297-1376

**Worcester** OPCD  
David Kean  
(508) 799-1400

Oak Hill (Only)  
Harriet Lebow  
(508) 754-2858

## Regionals

### Berkshire County

Berkshire Housing Development  
Tom Webb  
(413) 442-6994  
(All of Berkshire County except  
Adams, North Adams)

### Plymouth/Bristol Counties

Self Help, Inc.  
Fran Drew  
(508) 588-5440  
(Attleboro, Avon, Abington, Bridge-  
water, Brockton, Canton, E. Bridge-  
water, Easton, Hanson, Holbrook,  
Mansfield, N. Attleboro, Norton,  
Plainville, Randolph, Rockland,  
Sharon, Stoughton, W. Bridgewater,  
Whitman)

South Shore Housing  
Roger Goguen  
(617) 585-3885  
(Berkeley, Brockton, Cohasset,  
Dighton, E. Bridgewater, Easton,  
Fairhaven, Halifax, Hanson, Hull,  
Kingston, Middleboro, Norton,  
Norwell, Pembroke, Plympton,  
Raynham, Rockland, W. Bridge-  
water, Whitman.)

Fall River Affordable Housing  
Robert Landry  
(508) 677-2220  
(Fall River, Swansea, Somerset,  
Westport)

Plymouth Redevelopment Authority  
John Droege  
(508) 830-4115  
(Plymouth, Carver, Kingston,  
Duxbury, Pembroke)

### Franklin County

Franklin County Regional Authority  
Donna Cote  
(413) 863-9781  
(Ashfield, Bernardston, Buckland,  
Charlemont, Colrain, Conway,  
Deerfield, Erving, Gill, Hawley,  
Heath, Leverett, Leyden, Monroe,  
Montague, New Salem, Northfield,  
Rowe, Shelbourne, Shutesbury,  
Sunderland, Warwick, Wendell,  
Whately)

### Middlesex/Worcester Counties

Rural Housing Improvement, Inc.  
Joan Hulse  
(508) 297-1376  
(Ashburnham, Ashby, Athol, Auburn,  
Barre, Hardwick, Holden, Hubbard-  
ston, Leicester, Millbury, New Brain-  
tree, Northbridge, North Brookfield,  
Oakham, Oxford, Petersham, Phillip-  
ston, Princeton, Royalston, Rutland,  
Sutton, Templeton, West Brookfield,  
Westminster, Winchendon)

### Hampshire County

Housing Allowance Project  
Thomas Kegelman  
(413) 785-1251  
(Agawam, Amherst, Blandford,  
Chicopee, Easthampton, Goshen,  
Hadley, Holland, Huntington, Middle-  
field, Monson, Northampton, Russell,  
South Hadley, Southwick, Tolland,  
Westfield, Williamsburg, Springfield)





BRAND  
NEW PROGRAM

# LEAD PAINT ABATEMENT PROGRAM

# GET THE LEAD OUT

HELPING LOW- AND MODERATE-  
INCOME FAMILIES REDUCE THE  
RISK OF LEAD PAINT POISONING  
IN THEIR HOMES



Over one million homes and apartments in the Commonwealth are contaminated with lead paint, according to the Massachusetts Department of Public Health, and children, particularly those under the age of six, who live in those housing units are in potential danger of becoming poisoned. The continued presence of lead paint in our homes has persisted as an urgent health concern for the Commonwealth for the last two decades and has triggered a large state-sponsored effort to do more to rid our homes of the toxin.

As part of this effort, the Massachusetts Housing Finance Agency (MHFA), in cooperation with the Executive Office of Communities and Development (EOCD) and local housing rehabilitation agencies statewide, is offering a new low-interest loan program to help low- and moderate-income homeowners reduce lead paint hazards in their residences. The loan program, called "Get The Lead Out," was developed in cooperation with the Weld/Cellucci Administration, the Massachusetts Legislature, the Massachusetts Bankers Association and many health and housing advocacy groups.

## Funds Available

A total of \$11 million in loans will be made available through the Get the Lead Out Program to benefit an estimated 1,000 households. Of that amount, \$10 million has been raised by the MHFA through the sale of tax-exempt bonds to private investors. The interest rate on most of the \$10 million in loans will be reduced from 8.5% to 5% with savings achieved through the Savings Bank Life Insurance (SBLI) legislation sponsored by state Rep. Thomas Finneran of Boston. The other \$1 million in loans will be funded with SBLI funds and will be available, under special circumstances, at 0% interest on a deferred payment basis.

## Financing Terms

The Get the Lead Out Program provides reduced rate loans of up to \$15,000, although the average loan is likely to be between \$5,000 and \$10,000. The loans carry a minimum term of six months and a maximum term of 15 years. All of the loan funds must be used solely for

the abatement of lead paint in 1-4 family, owner-occupied residences.

Financing is being offered at 8.5%, 5%, and 0%, depending upon income and a borrower's ability to support additional debt.

**5% Loans\*** The majority of loans under the Get the Lead Out Program will be made at the interest rate of 5% (APR 7.39%)\*. That rate is achieved by using SBLI funds to further reduce MHFA's tax-exempt rate. At the end of the loan term, the borrower must continue to pay a monthly payment until the SBLI subsidy is repaid. Repayment of the subsidy will help ensure that affordable financing for lead paint abatement is available for other households in the future. (See Subsidy Repayment Schedule in box on page 2.)

To qualify for 5% financing, a borrower's Gross Annual Household Income must not exceed the amounts given below:

	ONE PERSON HOUSEHOLD	TWO OR MORE PERSON HOUSEHOLD
Boston Area	\$38,000	\$43,000
Lawrence-Haverhill Area	\$38,000	\$40,200
Lowell Area	\$38,000	\$42,400
Salem-Gloucester Area	\$38,000	\$43,700
Balance of State	\$38,000	\$39,600

Loan funds with a 5% interest rate will be targeted as follows:

- 50% of these funds will be reserved for households in which a lead-poisoned child is residing;
- 30% of these funds will be reserved for households who are under official order to delead, or who have children under six in residence, or who own and occupy a 2 - 4 family house in which children can be expected to live;
- and, 20% will be available generally to households that wish to abate the lead in their house.



A SERVICE OF THE EXECUTIVE  
OFFICE OF COMMUNITIES AND  
DEVELOPMENT AND MASSACHUSETTS  
HOUSING FINANCE AGENCY



The following example illustrates how a borrower will repay a 5% Get the Lead Out Program loan. Through the SBLI funds, a borrower's interest rate is reduced from 8.5% to 5% for the term of the loan. The borrower is required to repay these SBLI funds in equal monthly installments once the principal balance of the loan has been retired. The calculations presented below are based on a \$15,000 loan with a term of 15 years.

SUBSIDY REPAYMENT SCHEDULE	
Monthly Principal/Interest Payment @ 8.5%	\$ 147.71
Monthly Principal/Interest Payment @ 5.0%	\$ 118.62
Monthly Interest Write-Down Subsidy	\$ 29.09
Total Interest Write-Down Subsidy ( $\$29.09 \times 12 \text{ Months} \times 15 \text{ Years}$ )	\$5,236.20
Additional Term Needed to Repay Subsidy ( $\$5,236.20 \text{ divided by } \$118.62$ )	44 months
Total Loan Term to Repay Principal Balance and Subsidy	18 years 8 months

In this example, the borrower makes 180 monthly payments of \$118.62, representing level payments for a \$15,000 loan with an interest rate of 5% (APR 7.39)\* and a term of 15 years. Beginning in year 16 and continuing for the next 44 months, the \$5,236.20 that was needed to reduce the interest rate from 8.5% to 5% is repaid by the borrower in 44 equal payments of \$118.62 per month.

**8.5% Loans** Approximately 50 to 100 loans will be made at an interest rate of 8.5% (APR 9.19%)\* to borrowers who have a lead poisoned child and/or are under official order to delead, and whose Gross Annual Household Incomes exceed MHFA limits but are within the U.S. Treasury Department's income limits (see below).

	ONE OR TWO PERSON HOUSEHOLD	THREE OR MORE PERSON HOUSEHOLD
Boston Area	\$50,000	\$57,000
Balance of State	\$46,000	\$52,000

On a \$15,000 loan, at an interest rate of 8.5% (APR 9.19%)\* and a term of 15 years, a borrower will make 180 monthly payments of \$147.71.

#### 0% (deferred payment) Loans

These 0% loans (APR .278%)\* will be set-aside specifically for emergency situations involving households, who meet MHFA's income limits for 5% financing and have lead poisoned children, but are unable to support additional debt at this time. Credit and debt history will not adversely affect the borrower's ability to secure funds under this category and no repayment of the loan is required until the property is sold or refinanced. These loans will be funded with a special pool of SBLI funds and are expected to assist up to 100 families.

A borrower will make one payment of \$15,000 on a \$15,000 loan, at an interest rate of 0% (APR .278%)\*; if the property is sold or refinanced in 15 years.

#### \*APR (Annual Percentage Rate)

Lenders are required by law to provide consumers with information as to the total cost and effective interest rate, or Annual Percentage Rate (APR), associated with a loan. Under the MHFA's Get the Lead Out Program, the APR is determined by the loan contract interest rate, either 8.5%, 5%, or 0%, and the fee charged to the borrower by a local rehabilitation agency and if applicable, the contract interest rate subsidy. The APR will vary depending on the amount and term of the loan and the fee charged by the rehabilitation agency and if applicable, the amount of the contract interest rate subsidy. Generally, the APR will increase as the term of the loan decreases.

The local rehabilitation agency fee will be 4% of the amount of the loan. The maximum fee is \$600 and the minimum \$200. The fee is required to be included in the amount of the loan. In addition to the local rehabilitation agency fee, borrowers receiving contract interest rate of 5% will also be required to repay the interest subsidy of 3%. The subsidy amount is repayable at the end of the loan term in monthly payments equal to the monthly payments due on the loan, however, without interest. MHFA financing at a contract interest rate of 0% is repayable upon sale, refinancing or transfer of the property.

The APRs in the examples are based on a loan of \$15,000, a loan term of 15 years (plus 44 months in the case of the 5% loan with the subsidy) and a housing rehabilitation fee of \$600.



### **Steps Involved in Getting the Loan**

Lead paint abatement loans are initiated statewide only through MHFA-designated, participating rehabilitation agencies who will help borrowers in virtually every step of the loan application and lead abatement process. This process is as follows:

1. Homeowners should first contact local rehabilitation agencies serving their areas (see page 4). These agencies will help homeowners determine if they are eligible for the program and, through a participating lender, will assist them in securing MHFA financing. These agencies also will provide lists of state-certified lead paint abatement inspectors and licensed contractors for homeowners' consideration.
2. Next, homeowners must hire a state-certified lead abatement inspector to examine the home to determine where lead paint exists and from which surfaces it must be removed. (Homeowners who have a lead paint inspection prior to applying for financing may be reimbursed for inspection costs from loan proceeds as long as lead exists and they are approved for financing.)
3. After an inspection, homeowners will employ a state-licensed contractor to abate the lead paint (borrowers may not do deleading work or pay themselves or family members residing in the home with funds received from their MHFA loan and they must comply with state regulations and vacate the premises until the work is completed);
4. Finally, homeowners will have their property reinspected by state-licensed inspectors, who must provide written "certificates of compliance," verifying that the required surfaces containing lead paint were treated or abated properly and that their homes are safe for reoccupancy. In no instances, will the final disbursement of loan funds for lead abatement work be made before the certificate of compliance is issued indicating that the work has been done in full compliance with state lead law.

**Please note:** MHFA guidelines and programs are subject to change. This brochure and any accompanying insert(s) are intended to provide an overview of the program guidelines. Many of the program guidelines are required by federal law. The Agency understands that requirements are somewhat complicated, and encourages you to obtain complete data from participating rehabilitation agencies and lenders:

### **Loans for Rental Properties**

The MHFA's Get the Lead Out Program is targeted solely to owner-occupied, 1-4 family homes, not investor-owned rental properties. However, the MHFA, with the EOCD, the Massachusetts Bankers Association and the Massachusetts Housing Partnership, is designing a program of lead paint loan guarantees for owners of larger rental properties and investor-owned units. This will be done with \$1 million of the SBLI funds and is expected to leverage \$10 to \$20 million in conventional funds. The availability of this program will be announced later this year.

### **Costs to the Buyer**

When applying for the Get the Lead Out Program, borrowers will be charged a fee of 4% of the loan amount by the local rehabilitation agency. The minimum fee is \$200 and the maximum fee is \$600. This fee can be included in the loan amount. Borrowers also should be prepared to pay title examination charges, recording and filing fees. Although these fees vary from lender to lender, they should not exceed \$300.



## Get the Lead Out Program Rehabilitation Agencies

### **Adams** Town of Adams

Joan F. Haddad  
(413) 743-7646

### **Amesbury\*** Town of Amesbury

Timothy H. Haskell  
(508) 388-8110

### **Arlington** Home Rehabilitation

Winifred Fitzgerald  
(617) 646-1000

### **Attleboro\*** Community Development

William Spaner  
(508) 226-5116

### **Beverly** Community Development

Thomas Fleming  
(508) 921-6032

### **Blackstone\*** Community Development

D. Marcinkowski  
(508) 883-7895

### **Boston** ESAC

Norma Moseley  
(617) 524-4820

### Neighborhood Housing Services

Eileen C. Marsan  
(617) 720-2654

### Public Facilities Department

Vicki Bernstein  
(617) 635-0352

### **Bridgewater** Planning and

Community Development  
Richard Farris  
(508) 697-7231

### **Brockton** Self Help

Carol Reno/Jim Canavan  
(508) 588-5440

### **Brookline** Housing Rehabilitation

Office  
Bruce Genest  
(617) 730-2090

### **Cambridge** Homeowner's

Rehabilitation  
Jane Gronholm  
(617) 868-4858

### Just-A-Start

Beatrice Phear  
(617) 494-0444

### **Chelsea** Community Development

Steven M. Herzberg  
(617) 889-0700

### **Fall River\*** Affordable Housing

Robert N. Landry  
(508) 677-2220

### S.E.R.\* Jobs for Progress, Inc.

M. Paula Raposa  
(508) 676-1916

### **Framingham** Planning Department

Arthur T. Noonan  
(508) 620-4852

### **Franklin** Property Improvement

John A. Griswold  
(508) 520-4929

### **Gardner** Community Development

and Planning  
Michael F. Ellis  
(508) 630-4011

### **Gloucester** Community Development

Alex L. Hillman  
(508) 281-9782

### **Haverhill** Community Development

Sharon Ruocco  
(508) 374-2348

### **Holbrook** Community Development

Robert A. Colburn  
(617) 767-0618

### **Kingston\*** South Shore Housing

Susan Johnson  
(617) 585-3885

### **Lawrence** Community Development

Anthony Cuzzo  
(508) 794-5891 x130

### **Lowell** Community Development

John Meehan  
(508) 970-4293

### **Lynn** Community Development

Alden Drake  
(617) 598-4000

### **Malden\*** Redevelopment Authority

Ronald Grasso  
(617) 324-5720

### **Marlborough** Community Res.

John Ghiloni  
(508) 460-3715

### **Medford** Community Development

David Hartwell  
(617) 393-2480

### **Methuen** Community Development

Joseph Cosgrove  
(508) 794-3231

### **Milford** Planning and Engineering

Martha L. White  
(508) 634-2317

### **New Bedford\*** Housing and

Neighborhood Development  
Antone G. Souza, Jr.  
(508) 979-1500

### **Newburyport\*** Turning Point

Geraldine Dorr  
(508) 462-8251

### **Newton** Planning and Development

Olga Pitel  
(617) 552-7140

### **North Adams** Community

Development  
Michael Nuvallie  
(413) 662-3025

### **Northbridge\*** Community

Development  
M. J. Adams  
(508) 234-4756

### **Orange** Community Development

Fran VanTreese  
(508) 544-0219

### **Palmer** Community Development

Lawrence B. Smith  
(413) 283-9737

### **Peabody** Community Development

and Planning  
John Cella  
(508) 532-3000

### **Plymouth\*** Redevelopment Authority

John Droege  
(508) 830-4115

### **Quincy** Housing Rehabilitation

Robert Card  
(617) 376-1055

### **Revere** Planning and

Community Development  
Mark Signore  
(617) 284-3600

### **Salem** City of Salem

Margaret Dowd  
(508) 745-9595

### **Salisbury** Housing Authority

Scott Marcelais  
(508) 462-8600

### **Somerville** Community Development

John Woods  
(617) 625-6600

### **Southbridge** Community Development

Debbie U. Oppermann  
(508) 764-5402

### **Springfield\*** Housing Allowance Project

Thomas Kegelman  
(413) 785-1251

### Springfield Redevelopment Authority

Breda Garvey  
(413) 787-6518

### **Stoneham\*** Community Development

Network  
Grace M. McManus  
(617) 438-1977

### **Taunton** Planning and

Economic Development  
Louis Martin  
(508) 821-1030

### **Turners Falls\*** Franklin City

Regional  
Donna M. Cote  
(413) 863-9781

### **Waltham** Housing Office

Janet Barry  
(617) 893-4040 x3133

### **Ware\*** Community Development

Susan Rutherford  
(413) 967-7136

### **Wareham\*** Community Development

Authority  
C. Yankopoulos  
(508) 291-3170

### **Warren** Town of Warren

William Frangiamore  
(413) 436-5701

### **Watertown** Community Development

And Planning  
Laura Wiener  
(617) 972-6417

### **Weymouth** Town of Weymouth

John Parnaby  
(617) 335-2000

### **Winchendon\*** Rural Housing

Improvement, Inc.  
M. Shirley Martin  
(508) 297-1376

### **Winthrop** Community Development

Kathleen Guillory  
(617) 846-1852

### **Worcester** Oak Hill

Community Development  
Harriet S. Lebow  
(508) 754-2858

\*Rehabilitation Agencies that service more than one city or town

## Regionals

### **Berkshire County**

Berkshire Housing Development Corporation  
(413) 442-6994 or 499-1630  
(All of Berkshire County except North Adams and Adams)

### **Bristol County**

Fall River Affordable Housing  
(508) 677-2220  
(Fall River, Swansea, Somerset, Westport)

### S.E.R. Jobs for Progress, Inc.

(508) 676-1916  
(Seekonk, Rochester, Freetown, Fairhaven, Rehoboth, Somerset)

### Turning Point Inc.

(508) 462-8251  
(Newbury, Newburyport, West Newbury)

### **Plymouth/Bristol County**

Plymouth Redevelopment Authority  
(508) 747-1620 x344  
(Plymouth, Carver, Kingston, Duxbury, Pembroke)

### South Shore Housing Development Corp.

(617) 585-3885  
(Berkeley, Brockton, Cohasset, Dighton, East Bridgewater, Easton, Fairhaven, Halifax, Hanson, Hull, Kingston, Middleboro, Norton, Norwell, Pembroke, Plympton, Raynham, Rockland, West Bridgewater, Whitman)

### **Hampshire/Hampden County**

Housing Allowance Project  
(413) 785-1251  
(Agawam, Amherst, Blandford, Chicopee, Easthampton, Goshen, Hadley, Holland, Huntington, Middlefield, Monson, Northampton, Russell, South Hadley, Southwick, Tolland, Westfield, Williamsburg, Springfield)

### **Franklin County**

Franklin County Regional Housing Authority  
(413) 863-9781  
(Ashfield, Bernardston, Buckland, Charlemont, Colrain, Conway, Deerfield, Erving, Gill, Hawley, Heath, Leverett, Leyden, Monroe, Montague, New Salem, Northfield, Rowe, Shelburne, Shutesbury, Sunderland, Upton, Warwick, Wendell, Whately)

### **Middlesex/Worcester County**

Rural Housing Improvement, Inc.  
(508) 297-1376  
(Ashburnham, Ashby, Athol, Auburn, Barre, Hardwick, Holden, Hubbardston, Leicester, Millbury, New Braintree, Northbridge, North Brookfield, Oakham, Oxford, Petersham, Phillipston, Princeton, Royalston, Rutland, Sutton, Templeton, West Brookfield, Westminster, Winchendon)



## LEAD PAINT POISONING AND THOSE AT RISK

**P**ublic health officials have identified lead as a major environmental hazard to children. Until the federal government outlawed lead-based paint for residential use in 1978, it was commonly found in the interiors and exteriors of homes on such surfaces as walls, windows, floors, ceilings, staircases and doors.

☛ Lead can turn up anywhere: in the air, in the soil, in our water and food. It remains in older homes throughout Massachusetts and often goes unnoticed until a child is found to have abnormally high levels of lead in the blood stream.

☛ Children do not need to eat paint chips to get lead poisoning. According to the Boston Childhood Lead Poisoning Prevention Program, most children are lead poisoned by putting their fingers or toys in their mouths, which is natural for young children, but becomes dangerous if there is lead dust or dirt on their fingers and toys.

☛ Lead paint, if ingested by a child in sufficient quantities, can cause reading disabilities, slowed motor development, and hearing and memory loss. Since there are no immediate symptoms connected with lead poisoning, health officials recommend that **all** children should be routinely screened for lead poisoning. Children who are at higher risk (i.e. those who may have been exposed) should be screened more frequently. Parents can contact their local health care provider or local health department for information on screening.

### THE MASSACHUSETTS LEAD LAW

Massachusetts enacted the nation's first lead law in 1971. The law requires that all residential property owners abate or remove the risk of possible lead poisoning in homes in which children, who are under the age of six, live or spend lengthy periods of time. This can be accomplished by replacing the lead paint surfaces or by other means including scraping, dipping or covering the affected areas.

Property owners are able to receive a state income tax credit, once their homes have been brought into compliance with the lead law. Currently, the Massachusetts Legislature is considering amendments to the state's lead law and, in view of today's rapidly changing technology, hopes to make the lead paint abatement process faster, easier and less expensive in the future.

### ABATING LEAD PAINT

Because lead is not biodegradable (does not disappear with the passage of time), it must be removed physically. Do-it-yourselfers are warned by health officials not to take on lead paint removal jobs, themselves, no matter how easy a task it seems to be. In fact, it is illegal to attempt such an endeavor. Pregnant women, for example, who are renovating their homes to provide nurseries, should stay away from any lead paint contaminated surfaces. If they do not, they may subject themselves and their babies to lead paint poisoning. Lead paint abatement should be done only by state-licensed contractors.

### IMPORTANT RESOURCES

**If you would like to receive additional copies of this brochure** explaining eligibility guidelines for the Get the Lead Out Program and a list of participating rehabilitation agencies, contact the MHFA's Office of Single Family Programs - (617) 451-2766. Leave your name and address on the answering machine and a brochure will be mailed out to you immediately.

**If you wish to receive further information concerning lead paint poisoning and abatement, contact the following groups:**

Office of Environmental Affairs, Boston  
Lead Poisoning Prevention Program  
(regarding lead-poisoning screening services for Boston area children; information for renters who want to know about their rights and responsibilities) - (617) 534-5966.

Massachusetts Department of Public Health,  
Childhood Lead Poisoning Prevention Program (to receive a list of currently licensed lead paint inspectors; information on licensing procedures to do lead inspections; information regarding lead-poisoning screening services throughout the state)- 1-800-532-9571

Massachusetts Department of Labor and Industries (to receive a list of currently licensed lead abatement contractors; information regarding lead abatement procedures) - (617) 722-1933

**If you need legal advice about a lead paint abatement issue call:** Greater Boston Legal Services - (617) 357-5757, x3998 or Conservation Law Foundation.

### Groups That Participated with EOCD and MHFA in the Development of the Get the Lead Out Program

Conservation Law Foundation  
Department of Public Health, Childhood Lead Poisoning Prevention Program  
Ecumenical Social Action Committee  
Eastern Savings Bank  
Fleet Bank of Massachusetts  
Franklin County Regional Housing Authority  
Malden Redevelopment Authority  
Massachusetts Association of Community Development Corporations  
Massachusetts Bankers Association  
The Massachusetts Legislature  
Office of the Attorney General, Public Protection Division  
Office of Environmental Affairs, Boston  
Childhood Lead Poisoning Prevention Program  
Pioneer Financial Bank



EQUAL HOUSING  
OPPORTUNITY



REDUCED  
RATES/PRICES

# HOP

## HOMEOWNERSHIP OPPORTUNITY PROGRAM

### PROVIDING AFFORDABLE HOMES AND MORTGAGES FOR FIRST-TIME BUYERS

Given the excess housing stock available now in many areas of the Commonwealth, HOP funding for new housing construction has been suspended. However, there are some previously committed HOP developments in construction which, upon completion, will have units available for purchase through the program. (These developments are listed on page 2).

The Homeownership Opportunity Program (HOP) was created in 1986 to provide affordable homes and mortgages for people of modest economic means. The HOP program is based upon a partnership that uses state, local and private sector resources to provide "affordable" homes and low cost mortgages to income-eligible, first-time buyers. In any HOP development, at least 30 percent of the units must fall within this "affordable" category. To ensure the affordability of these units is maintained, there also are some restrictions on their resale.

Under HOP, communities and developers have been encouraged to work together to design developments that will be successful in particular housing markets. Thus, depending on the location, developments may consist of conventional wood-frame or modular designs; single family homes or townhouses; or low-rise or mid-rise buildings.

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### How HOP Works

HOP developments include homes which are available at a mix of prices to families earning a range of incomes. Most of the homes built through HOP will fall into one of three categories: (1) HOP-assisted; (2) MHFA-assisted; or (3) market rate. The following chart provides an overview of the benefits and requirements associated with each of these three categories.

BUYERS	ADVANTAGES	REQUIREMENTS
HOP-Assisted Buyers <sup>1</sup> (30% of the homes in a development)	<ul style="list-style-type: none"> <li>■ Substantially reduced home prices (in the \$75,000 to \$95,000 range)</li> <li>■ Low interest mortgage (through use of MHFA tax-exempt financing and MHP subsidy loan provides mortgage up to 5% below conventional bank rate for first years and generally 2% below conventional bank rate for full term of loan)</li> <li>■ 5% downpayment</li> <li>■ More flexible credit ratios</li> <li>■ Where needed, closing cost assistance</li> </ul>	<ul style="list-style-type: none"> <li>■ First-time homebuyer</li> <li>■ Maximum income, for a one-four person family, of \$35,700 in Boston area and \$33,800 elsewhere in the state</li> <li>■ Creditworthy</li> <li>■ Agree to some restrictions to maintain affordability of homes for future buyers and to repay a portion of the subsidies that were used to reduce the mortgage loan interest rate.</li> </ul>
MHFA-Assisted Buyers <sup>2</sup> (0%—20% of the homes in a development)	<ul style="list-style-type: none"> <li>■ Moderately-priced homes</li> <li>■ Low interest mortgage (through MHFA tax-exempt financing provides mortgage at approximately 2% below conventional bank rates for full term of loan)</li> <li>■ 5% downpayment</li> <li>■ More flexible credit ratios</li> </ul>	<ul style="list-style-type: none"> <li>■ Meet income guidelines</li> <li>■ Creditworthy</li> <li>■ Depending upon income, if a borrower sells home within ten years of the date of purchase, a portion of the subsidy used to reduce the mortgage loan interest rate must be repaid to federal government.</li> </ul>
Market Buyers (50% – 70% of the homes in a development)	<ul style="list-style-type: none"> <li>■ Newly constructed homes at market prices</li> </ul>	<ul style="list-style-type: none"> <li>■ Creditworthy</li> </ul>



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### Closing Cost Assistance

A Borrower's Assistance Program (BAP) has been established for HOP-assisted borrowers who have insufficient funds to pay closing costs. Through BAP, loans of \$5,000 are available to cover closing costs associated with these mortgages. Loans have a fixed interest rate of 3% and are paid back at the time of resale.

### Restrictions

HOP-assisted units are sold to eligible home-buyers at prices that generally are 15% to 50% below their appraised values. To ensure the long-term affordability of these homes through comparable discounts to future buyers, a number of restrictions have been established relative to the resale price of a home and the repayment of HOP subsidy used. Similar federal restrictions exist for properties sold within ten years of the original purchase date. Complete details on these restrictions can be obtained from participating lenders and HOP marketing agents.

### Applying for HOP Assistance

A list of HOP developments for which applications are now being or will be accepted is included in this flier. Complete details on these developments and eligibility requirements can be obtained by contacting the marketing agent whose name and phone number is listed next to the development name. Further questions also can be addressed to MHFA's Office of Single Family Programs at 50 Milk Street, Boston, MA 02109, Tel. (617) 451-2766.

**Developments which  
as of May 1992  
have or are expected  
to have HOP-assisted  
units available.**

**For details about  
below market interest  
rates, contact the  
marketing agents**

LOCATION	CONTACT PERSON	PROJECT NAME	MARKETING PHONE
Belchertown	Arthur LaFlamme	Coldspring Common	413 534-6873
Boston	Karen Fish	Fountain Hill	617 442-1313
Boston	Patrice Hunt	Dacia Residence	617 437-0469
Boston	Patrice Hunt	Jacob's Place	617 298-4554
Boston	Walter Little	Hazel Parks	617 427-3433
Boston	Robert Sibley	Ferndale Street	617 635-0248
Boston	Wendy Lucas	Winslow Court Cond.	617 722-4300
Boston	Adelaid Hall	Infill Collab I	617 825-9307
Boston	Robert Sibley	Codman Square	617 635-0248
Boston	Marie Waters	Homestead Street	617 427-4470
Boston	Gary Hendren	Sumner Court Townhs.	617 338-4903
Chelmsford	Ann McBride	The Courtyard	508 256-8255
Chicopee	Barbara Langdon	Ridgewood Westover	413 593-0244
Dover	Peter Hingorani	County Court	508 957-2782
Harwich	Ingrid Mahoney	Queen Anne's Court	508 625-6050
Holden	Ann McBride	The Commons	508 753-2200
Hopkinton	Marla Lombard	Pinecrest	508 481-1144
Montague	Dan Chevalier	Randall Wood	413 863-9128
Northhampton	Diane Patnode	Pine's Edge	413 586-1000
Pembroke	Jane Regan	Josselyn Farms	617 545-1888
Pepperell	Roger Goscombe	Mayfield Park	508 433-8221
Sandwich	William Dacey	Ryder Woods	508 771-4400
Springfield	Carmencita Jones	Eastern End	413 787-6508
Springfield	Carmencita Jones	Mason Square	413 787-6508
Westford	Cindy Tierney	Haystack Estates	508 692-7222
Westminister	Mark O'Hagan	Meadows at West Hill	508 874-1557
Wilmington	Jeanette Tighe	Shawsheen River	508 851-0048
Worcester	Gerry Belba	Bell Hill Commons	508 799-9119
Worcester	Joanne Foster	Oak Hill Estates	617 754-2858
Westborough	Sotir Papalilo	North Hill Homes	508 874-1635





**GENERAL LENDING** Mortgages available to borrowers meeting general eligibility guidelines. Portion of funds set-aside initially for "priority" borrowers defined as Vietnam Era, Grenada, Panama and Desert Storm Veterans or lower-income, minority or physically disabled persons.

**HOUSING COUNSELING SET-ASIDE** Mortgages available for up to six months for persons who complete MHFA-approved homeownership counseling programs offered by targeted non-profit organizations statewide. Provides incentive for first-time buyers to educate themselves in homebuying process.

**MORTGAGE CREDIT CERTIFICATES (MCCs)** Federal tax credits which are piggy-backed with a conventional mortgage and reduce the amount of federal income tax a first-time buyer owes. Results in additional net income being available to help meet mortgage payments and lower-income households being able to qualify.

**ACQUISITION SET-ASIDE PROGRAM** Provides builders and lenders with a set-aside of low-interest mortgages in exchange for units being priced within MHFA guidelines. A limited number of ASAP loans in participating developments serves as a catalyst for sales, while providing reduced prices and affordable financing for first-time buyers.

**REO PROGRAMS** Reserves funds for buyers of foreclosed properties being held by Massachusetts lenders, or the Resolution Trust Corporation (RTC), the Federal Deposit Insurance Corporation (FDIC) or other federal agencies. Program offers a solid opportunity for first-time buyers to enter market, while helping to absorb excess housing inventory.

**BUILD OUT** Provides short-term construction financing for the completion of unfinished properties and set-asides of low-interest mortgages to help market units to eligible, first-time buyers.

**NEIGHBORHOOD REHABILITATION PROGRAM** Provides mortgages for eligible households who buy and rehabilitate homes in locally-designated neighborhoods. Also enables homeowners to refinance an existing mortgage to pay for major home improvements such as the replacement of a roof.

**GET THE LEAD OUT PROGRAM** Provides low- and moderate-income homeowners with affordable financing to safely abate lead paint in 1-4 family, owner-occupied homes. Offers a range of low-cost financing options, with priority given to households where a lead paint poisoned child or children under 6 reside.

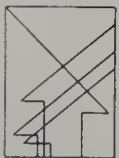
**HOME IMPROVEMENT LOAN PROGRAM** Provides loans to correct code violations or make other home improvements of up to \$15,000. A portion of each loan offering is reserved for the elderly or households who need to make their homes accessible to physically disabled family members.

**ASSIST PROGRAM** Provides funds to be used as downpayments/closing cost assistance for borrowers buying homes under ASAP and REO Programs or for priority borrowers purchasing under the General Lending priority program. Interest-free loans of up to \$5,000, secured as second mortgages, are made to qualified borrowers.

**MORTGAGE INSURANCE FUND** Insures MHFA loans where downpayments of less than 25% are made and therefore require mortgage insurance.



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COMMUNITIES AND DEVELOPMENT



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